



The Regional Municipality of Durham

Finance & Administration Committee Agenda

Lower Level Boardroom (LL-C)
Regional Headquarters Building
605 Rossland Road East, Whitby

Tuesday, January 15, 2019

9:30 AM

1. Declarations of Interest

2. Adoption of Minutes

- A) Finance & Administration Committee meeting
– [December 12, 2018](#)

Pages 5 - 13

3. Statutory Public Meetings

There are no statutory public meetings

4. Delegations

- 4.1 Mr. Greg Milosh re: the 2019 Budget
- 4.2 Mr. Robert Howard, Chief Possibility Officer & Vice President, External Relations, United Way Durham Region, re: recent announcement of the closing of the General Motors Plant
- 4.3 Mr. A.J. Kehoe re: Development of protocols to ensure content on [durham.ca](#) matches policies and procedures of the Region

5. Presentations

There are no presentations

6. Administration

6.1 Correspondence

- A) [Jon Pegg, Chief of Emergency Management, Ministry of Community Safety and Correctional Services](#) – re: Writing to

John Henry, Regional Chair and CEO – regarding compliance
with the Emergency Management and Civil Protection Act 14

**Pulled from December 14, 2018 Council Information Package
by Councillor Joe Neal**

Recommendation: Receive for information

- B) [Steve Clark, Minister, Ministry of Municipal Affairs and
Housing](#) – re: Writing to Heads of Council regarding reducing the
provincial reporting burden affecting the municipal sector 15

**Pulled from December 14, 2018 Council Information Package
by Councillor Joe Neal**

Recommendation: Receive for information

6.2 Reports

- A) Succession Management Bi-annual Update ([2019-A-2](#)) 16 - 18
- B) Appointment of Citizen Members to the Durham Region
Roundtable on Climate Change (DRRCC) ([2019-A-3](#)) 19 - 21
Confidential attachment to Report #2019-A-3: DRRCC
Committee Member Biographies 2019 - 2022 Under Separate Cover

7. Finance

7.1 Correspondence

- A) Information Report #[2018-INFO-157](#): Contract Amendments
Funded Within Approved Capital Project Budgets and
Emergency Expenditures for Period From August 1, 2018 Ending
October 31, 2018 22 - 24

**Pulled from December 7, 2018 Council Information Package
by Councillor Joe Neal**

Recommendation: Receive for information

- B) Information Report #[2018-INFO-160](#): Update to Sick Leave
Liabilities and Cash-Out Payments 25 - 26

**Pulled from December 14, 2018 Council Information Package
by Councillor Joe Neal**

Recommendation: Receive for information

- C) Information Report #[2018-INFO-161](#): Regional Reserve Fund Balances as of October 31, 2018 27 - 39
Pulled from December 14, 2018 Council Information Package by Councillor Joe Neal
Recommendation: Receive for information
- D) Information Report #[2018-INFO-164](#): The Consolidated Budget Status Report to October 31, 2018 and Full Year Forecast 40 - 48
Pulled from December 14, 2018 Council Information Package by Councillor Joe Neal
Recommendation: Receive for information
- E) Direction Memorandum from Works Committee re: Works Department – 2019 Water Supply and Sanitary Sewerage Business Plans and Budgets ([2019-W-7](#)) 49
Recommendation: Refer to consideration of Report #2019-F-2 [Item 7.2 B)]

7.2 Reports

- A) 2019 Regional Business Plans and Property Tax Budget Guideline ([2019-F-1](#)) 50 - 57
- B) 2019 Current and Capital Business Plans and Budgets and Nine-Year Capital Forecasts for the Water Supply and Sanitary Sewerage Systems ([2019-F-2](#)) 58 - 65
[Link to the 2019 Detailed Consolidated Business Plans and Budgets for the Water Supply and Sanitary Sewerage Systems](#)
- C) Proposed End-User Maintenance Agreement with INIT Innovations in Transportation, Inc. (INIT) ([2019-F-3](#)) 66 - 69
- D) Recommendation to Leverage Ontario Education Collaborative Marketplace (OECM) – Production and Multi-Function Printing Equipment RFP ([2019-F-4](#)) 70 - 72
- E) Amendment to Vehicle Advance and Casual Travel Reimbursement Rates ([2019-F-5](#)) 73 - 76

8. Advisory Committee Resolutions

There are no advisory committee resolutions to be considered

9. Confidential Matters

9.1 Reports

- A) Confidential Report of the Commissioner of Corporate Services – Labour Relations/Employee Negotiations with respect to the Ontario Nurses Association Local 92 – Hillsdale Estates (ONA 92-HE) (2019-A-1)

Under Separate Cover

10. Other Business

11. Date of Next Meeting

Tuesday, February 12, 2019 at 9:30 AM

12. Adjournment

Notice regarding collection, use and disclosure of personal information:

Written information (either paper or electronic) that you send to Durham Regional Council or Committees, including home address, phone numbers and email addresses, will become part of the public record. This also includes oral submissions at meetings. If you have any questions about the collection of information, please contact the Regional Clerk/Director of Legislative Services.

The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Wednesday, December 12, 2018

A regular meeting of the Finance & Administration Committee was held on Wednesday, December 12, 2018 in the Regional Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM

Present: Councillor Foster, Chair
Councillor Collier, Vice-Chair
Councillor Ashe
Councillor Drew, left the meeting at 12:06 PM
Councillor Leahy
Councillor Mulcahy
Councillor Nicholson
Regional Chair Henry, left the meeting at 9:34 AM

Staff

Present: E. Baxter-Trahair, Chief Administrative Officer
D. Beaton, Commissioner of Corporate Services
S. Austin, Director, Corporate Policy and Strategic Initiatives, Office of the CAO
D. Barry, Director, Organization and Employee Services, Corporate Services - HR
K. Chakravarthy, Chief Information Officer, Corporate Services - IT
J. Hunt, Director, Legal Services, Corporate Services - Legal
R. Inacio, Systems Support Specialist, Corporate Services – IT
W. Leonard, Director, Durham Emergency Management Office, Office of the CAO
S. Munns, Director, Corporate Communications, Office of the CAO
L. O'Dell, Director, Departmental Services, Corporate Services - HR
N. Pincombe, Director, Business Planning, Budgets and Risk Management, Finance Department
M. Simpson, Director, Financial Planning and Purchasing, Finance Department
N. Taylor, Commissioner of Finance
R. Walton, Regional Clerk/Director of Legislative Services, Corporate Services – Legislative Services
L. Fleury, Legislative Officer, Corporate Services – Legislative Services

1. Declarations of Interest

There were no declarations of interest.

2. Election of Finance & Administration Committee Vice-Chair

The Chair called for nominations for the position of Vice-Chair of the Finance & Administration Committee.

Moved by Councillor Ashe, Seconded by Councillor Drew,

- (1) That Councillor Collier be nominated for the position of Vice-Chair of the Finance & Administration Committee.

Moved by Councillor Drew, Seconded by Councillor Leahy,

- (2) That nominations be closed.

CARRIED

The Chair asked if Councillor Collier wished to stand. Councillor Collier indicated he would stand.

Chair Foster declared Councillor Collier the Vice-Chair of the Finance & Administration Committee.

3. Statutory Public Meetings

There were no statutory public meetings.

4. Delegations

There were no delegations to be heard.

The Committee recessed at 9:40 AM and reconvened at 10:15 AM.

5. Presentations

5.1 D. Beaton, Commissioner of Corporate Services, re: Corporate Services Overview and Orientation

D. Beaton, Commissioner of Corporate Services, provided a PowerPoint presentation regarding the Corporate Services Department. Highlights of his presentation included:

- Divisional Overviews
 - Legislative Services – Regional Clerk/Director, Ralph Walton
 - Council Services
 - Information Management and Corporate Privacy Office
 - Public Front Counter and Corporate Call Centre
 - Legal Services – Director, Jason Hunt
 - Solicitors Office
 - POA Court Services

- POA Prosecution Services
- Human Resources
 - Departmental Services – Director, Louise O'Dell
 - Organization and Employee Services – Director, Dara Barry
- Information Technology – Director, Kalyan Chakravarthy (KC)
 - GIS Services

Staff responded to questions from the Committee members with respect to the Corporate Privacy Office; digitizing files currently being stored at Regional Headquarters and off-site; trends in workplace violence or harassment; cyber security; and the Durham Regional Police Service entering into an agreement to utilize the Region's in-house legal services.

Suggestions were made with respect to considering re-naming the Corporate Privacy office to place the emphasis on transparency, rather than privacy; sending a link to members of Council for cyber security training and making it mandatory for staff to take cyber security training.

5.2 N. Taylor, Commissioner of Finance, re: Finance Department Overview and Orientation

N. Taylor, Commissioner of Finance, provided a PowerPoint presentation regarding the Finance Department and the Region's financial position. Highlights of her presentation included:

- Overview of Regional Financial Position
 - 2018 Gross Expenditures & Revenues (\$1.554b)
 - Asset Management 2017 Replacement Value & Condition
- Finance Department's Responsibilities
- Divisions
 - Financial Services – Director, Joanne Cermack
 - Business Planning, Budgets and Risk Management - Director, Nicole Pincombe
 - Financial Planning and Purchasing - Director, Mary Simpson
 - Financial Process and Projects
 - Internal Audit
- Business Planning Cycle
- Current Projects & Issues

Staff responded to questions with respect to the Budget Management Policy; the status of the Region's reserve funds and projected debt; and internal audits.

It was requested that the link to the Budget Management Policy be sent to Committee members, and that information be provided with respect to any internal audits that have been conducted.

A suggestion was made with respect to providing Council with information on what the internal audit process entails.

5.3 E. Baxter-Trahair, Chief Administrative Officer, re: Office of the Chief
Administrative Officer Overview and Orientation

E. Baxter-Trahair, Chief Administrative Officer, provided a PowerPoint presentation regarding the Office of the Chief Administrative Officer and its three program areas. Highlights of the presentation included:

- The Role of the Chief Administrative Officer (CAO)
- Corporate Priorities and Responsibilities
- Corporate Policy and Strategic Initiatives – Director, Sandra Austin
 - Durham Region Strategic Plan
 - Key Priority Files
 - Accessibility
 - Age-Friendly Durham
 - Climate Change
 - Corporate Diversity & Inclusion
 - Corporate Innovation
- Durham Emergency Management Office (DEMO) - Director, Warren Leonard
 - Purpose
 - Vision
- Corporate Communications Office (CCO) – Director, Sherri Munns
 - Strategic Communications
 - Crisis Communications
 - Media Relations
 - Digital Media
 - Corporate Identity
 - Current Priorities

Staff responded to questions with respect to the Strategic Plan process, including the details for strategic planning sessions for members of Council; and community engagement.

Suggestions were made with respect to the strategic planning sessions being held as soon as possible and being as fulsome as possible; and the Strategic Plan being a 4 year plan, rather than a 5-year plan, in order to coincide with the term of Council.

Staff responded to additional questions with respect to climate change, particularly shoreline erosion, and engaging with other levels of government in this regard; corporate communication protocols; how the Region is doing in terms of accessibility; the development of an inter-governmental strategy; connecting with other levels of government; and communicating provincial impacts to Council.

6. Administration

6.1 Correspondence

There were no communications to consider.

6.2 Reports

A) Corporate Records Retention By-Law (2018-A-1)

Report #2018-A-1 from D. Beaton, Commissioner of Corporate Services, was received.

Staff responded to questions with respect to the release of information and advised that they would look into the possibility of releasing confidential items after a certain timeframe has elapsed, similar to what some other levels of government are doing.

Moved by Councillor Collier, Seconded by Councillor Leahy,
(3) That we recommend to Council:

That Records Retention By-law #65-2017, be repealed and replaced with the Records Retention By-law in the form included as Attachment #1 to Report #2018-A-1.

CARRIED

B) OMERS Participation by Head of Council By-Law Amendment (2018-A-2)

Report #2018-A-2 from D. Beaton, Commissioner of Corporate Services, was received.

Staff responded to questions with respect to why this by-law was being amended now and whether the previous and current Regional Chair enrolled in OMERS.

Moved by Councillor Leahy, Seconded by Councillor Collier,
(4) That we recommend to Council:

A) That By-Law #16-2007 be amended to reflect the direction given by Regional Council on February 11, 2004 to permit the voluntary participation of the Head of Council in OMERS and,

B) That the amending by-law as set out generally in the form included as Attachment #1 to Report #2018-A-2 of the Commissioner of Corporate Services be approved.

CARRIED

7. Finance

7.1 Correspondence

There were no communications to consider.

7.2 Reports

A) Temporary Borrowing By-Law for 2019 (2018-F-1)

Report #2018-F-1 from N. Taylor, Commissioner of Finance, was received.

Staff responded to questions with respect to whether the Region has borrowed funds in the past under the Temporary Borrowing By-law, and the use of reserve funds instead.

Moved by Councillor Ashe, Seconded by Councillor Mulcahy,
(5) That we recommend to Council:

- A) That the Regional Chair and the Treasurer be authorized in 2019 to borrow funds not to exceed \$500 million in order to meet current expenditures and liabilities until such time as the general tax revenues and other revenues of the Region are received; and
 - B) That approval be granted for the requisite by-law(s).
- CARRIED

B) 2019 Interim Regional Property Tax Levy (2018-F-2)

Report #2018-F-2 from N. Taylor, Commissioner of Finance, was received.

Moved by Councillor Collier, Seconded by Councillor Leahy,
(6) That we recommend to Council:

- A) That a 2019 Interim Regional Property Tax Levy be imposed on the Area Municipalities for all property tax classes;
- B) That the amount due from each Area Municipality is estimated to be equivalent to 50% of their respective share of the Regional Property Taxes collected in 2018;
- C) That the 2019 Interim Regional Property Tax Levy be paid by the Area Municipalities seven days subsequent to the instalment due dates established by each Area Municipality for the collection of their respective interim municipal property taxes;
- D) That the Regional Clerk be requested to advise the Area Municipalities of the imposition of the 2019 Interim Regional Property Tax Levy for all property tax classes; and,

E) That approval be granted for the requisite by-law.

CARRIED

C) By-Law for Appointment of Municipal Auditor (2018-F-3)

Report #2018-F-3 from N. Taylor, Commissioner of Finance, was received.

Staff responded to questions with respect to the differences between the two proposals received under the Request for Proposal process, and best practices in retaining a municipal auditor.

A suggestion was made that the Region consider using a different auditing firm next time as it may be a best practice to gain a new perspective.

Staff advised that they will find-out how long the current partner at Deloitte LLP has been the partner responsible for the Region's file.

Moved by Councillor Drew, Seconded by Councillor Nicholson,

(7) That we recommend to Council:

That the by-law for the appointment of Deloitte LLP as Municipal Auditor for a three (3) year term for the 2018 to 2020 fiscal years be approved and that the Legal Department be directed to submit the appropriate by-law.

CARRIED

D) Revised Timetable for the 2019 Regional Business Plans and Budgets (2018-F-4)

Report #2018-F-4 from N. Taylor, Commissioner of Finance, was received.

Staff responded to questions with respect to why the servicing and financing study for Durham Region Transit (DRT), is considered by the Transit Executive Committee, rather than the Committee of the Whole which considers all other servicing and financing studies, or the Transit Commission which also includes all Members of Council, and whether that process could be changed for this year's budget; and how the Transit by-law could be amended to include this change. Concern was raised with respect to the composition of the Transit Executive Committee not allowing for all members of Council to take-part in setting priorities for Transit.

Moved by Councillor Leahy, Seconded by Councillor Mulcahy,

(8) That we recommend to Council:

A) That the Preliminary Timetable for the 2019 Regional Business Plans and Budgets adopted at the May 9, 2018 Regional Council meeting, be amended to reflect final Regional Council approval of the 2019 Water and Sewer Business Plans and Budgets on January 30, 2019 and approval of the 2019 Property Tax Supported Business Plans and Budgets on March 27, 2019;

- B) That the Revised 2019 Timetable for the 2019 Regional Business Plans and Budgets, outlined in Attachment #1 to Report #2018-F-4, be approved; and
- C) That a copy of Report #2018-F-4 be forwarded to all Outside Boards and Agencies, including the Durham Regional Police Services Board, the five Conservation Authorities, Durham Region Transit Commission and Durham Regional Local Housing Corporation.

CARRIED AS AMENDED
(See Following Motion)

Moved by Councillor Nicholson, Seconded by Councillor Ashe,

- (9) That the main motion (8) of Councillors Leahy and Mulcahy be amended to add the following as a new part C):

- 'C) That staff review the involvement and the scheduling of the Transit Commission in the budgeting process and report back prior to February 6, 2019; and'

CARRIED

The main motion (8) of Councillors Leahy and Mulcahy was then put to a vote and CARRIED AS AMENDED.

8. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

9. Confidential Matters

There were no confidential matters to be considered.

10. Other Business

A) E-Agendas

Councillor Collier questioned why the presentations for today's meeting were provided as handouts rather than included with the electronic agenda (E-Agenda). He also asked about devices for viewing the agendas. He suggested that hard copies of agendas no longer be provided unless someone requests otherwise. With respect to electronic agendas, it was noted that: the Region's couriers would no longer be required to deliver agenda materials if agendas were only provided electronically; there may be connectivity issues in the northern municipalities; and Council members could print hardcopies of agenda material at their area municipal offices if they prefer paper.

Councillor Collier requested that the last decision of Council with respect to E-Agendas be provided via email.

B) Additional Agenda Items

Councillor Nicholson raised the issue of items being added to the meeting agenda after the agenda has been finalized. He stated this does not provide Council members with adequate time to read the material prior to voting on it. E. Baxter-Trahair advised that to the fullest extent possible, staff will endeavour to meet agenda deadlines.

C) Support Services for Members of Council

Councillor Nicholson questioned whether there has been any consideration given to the Region compensating the area municipalities for the support services they provide to the members of Regional Council. Chair Foster advised that the area municipalities could request this, but he was not aware of anyone having done so.

11. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, January 15, 2019 at 9:30 AM in the Lower Level Boardroom (LL-C), Regional Headquarters Building, 605 Rossland Road East, Whitby.

12. Adjournment

Moved by Councillor Ashe, Seconded by Councillor Collier,
(10) That the meeting be adjourned.
CARRIED

The meeting adjourned at 12:23 PM

Respectfully submitted,

A. Foster, Chair

L. Fleury, Legislative Officer

Ministry of
Community Safety and
Correctional Services

Office of the
Fire Marshal and
Emergency Management

25 Morton Shulman Avenue
Toronto ON M3M 0B1
Tel: 647-329-1100
Fax: 647-329-1143

Ministère de la
Sécurité communautaire et
des Services correctionnels

Bureau du
commissaire des incendies et
de la gestion des situations d'urgence

25, avenue Morton Shulman
Toronto ON M3M 0B1
Tél. : 647-329-1100
Télec. : 647-329-1143



December 4, 2018

Your Worship John Henry
Regional Municipality of Durham
P.O. Box 623, 605 Rossland Road E.,
Whitby, ON L1N 6A3

Dear Regional Chair & CEO Henry:

It is the responsibility of municipalities to ensure they are in compliance with the Emergency Management and Civil Protection Act (EMCPA).

The Office of the Fire Marshal and Emergency Management (OFMEM) has reviewed the documentation submitted by your Community Emergency Management Coordinator (CEMC) and has determined that your municipality was compliant with the EMCPA in 2017.

The safety of your citizens is important, and one way to ensure that safety is to ensure that your municipality is prepared in case of an emergency. You are to be congratulated on your municipality's efforts in achieving compliance in 2017.

I look forward to continuing to work with you to ensure your continued compliance in 2018.

If you have any questions or concerns about the compliance monitoring process, please contact your Emergency Management Field Officer.

Sincerely,

Jon Pegg
Chief of Emergency Management

cc: Warren Leonard - CEMC
Simone Stawicki - Field Officer - Severn Sector

Ministry of
Municipal Affairs
and Housing

Office of the Minister

777 Bay Street, 17th Floor
Toronto ON M5G 2E5
Tel.: 416 585-7000

Ministère des
Affaires municipales
et du Logement

Bureau du ministre

777, rue Bay, 17^e étage
Toronto ON M5G 2E5
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DEC 05 2018

RE: Municipal Reporting Burden

Dear Heads of Council,

As you have heard me say, reducing the provincial reporting burden affecting the municipal sector is a priority for the government. I addressed municipal concerns about the reporting burden at the Association of Municipalities of Ontario (AMO) conference in Ottawa this past summer. I have heard from municipalities that the province asks for too many reports, which impacts the ability of municipalities to focus on local priorities.

I have struck a team in my ministry to lead the reduction of the municipal reporting burden across government. In addition to reducing the number of reports, we must make sure any remaining information collected is necessary for the province's work. We must confirm the information requested is not duplicative, and that the reporting requirements for small municipalities are appropriate.

To address these goals, my ministry will be convening a cross-government working group to bring together ministries with municipal reporting requirements. This group will be tasked with reducing reporting and undertaking the work to meet the aforementioned commitments.

In addition to our cross-government working group, in 2018, my team will be convening a stakeholder working group of various municipal associations with a shared common interest in municipal reporting requirements.

I invite you to share your thoughts on what changes can be made to municipal reporting directly to my office, as well.

Thank you for your support.

A handwritten signature in dark ink, appearing to read 'Steve Clark', written over a horizontal line.

Steve Clark
Minister, Ministry of Municipal Affairs and Housing

c: Laurie LeBlanc, Deputy Minister, MMAH



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Corporate Services
Report: [#2019-A-2](#)
Date: January 15, 2019

Subject:

Succession Management Bi-annual Update

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 provide the Finance and Administration Committee with an update on the Region's retirement forecasts for the corporation and corresponding succession management activities.

2. Background

- 2.1 Succession management and performance management activities work in tandem to ensure the corporation is strategically positioned to accurately assess performance and potential for promotion, aligned with meeting the Region's community, departmental and divisional goals. By ensuring that appropriate, timely performance management feedback is provided to our corporate talent pool, we can support, coach and mentor all our employees, and identify those with potential for progression, whether its for workforce planning activities or succession management.
- 2.2 Workforce Planning is the exercise of planning ahead to meet the corporations' business needs by identifying the corporation's workplace demographics anticipated changes and matching them with employees who have both the interest and potential for growth.

- 2.3 Succession management is the exercise of identifying critical positions which pose a significant loss to the corporation if left unfilled or not appropriately recruited. Succession management therefore requires consistent tracking of key positions; consistent tracking of potential workforce retirements; identification of potential internal talent; and the cultivation of a viable, documented plan to provide exposure and learning opportunities to ensure the protection of corporate knowledge, corporate policies and processes, thereby allowing for a seamless transition to critical positions and avoiding any disruption to the corporation.
- 2.4 The Region has a succession management policy (and supporting process) and performance management policy (and supporting process) in place to support employees throughout their tenure with the corporation. In addition to employee-specific succession desires learning opportunities are further available to staff inclusive of competency-related courses, information technology related learning, e-learning, comprehensive leadership development programs, in addition to ad hoc, professional specific learning opportunities. Further, the Region tracks bi-annually the retirement demographics for its workforce which is sourced from OMERS. When combined, the retirement demographics provide an opportunity to cross reference with the Region's succession data to commit to a plan for a viable, interested talent pool to be positioned to compete for critical jobs once they are posted and the job competition process commences.
- 2.5 Notwithstanding the Regions' commitment to developing its existing talent pool, the Region has a highly active Talent Acquisition Section in the Human Resources Division of Corporate Services devoted to attracting and retaining top talent. Both internal and external resources are used to reach out to potential applicants for on-boarding diverse, highly skilled new talent to augment our existing talent pool. Social Media outreach, professional associations, various on-line job boards and executive search firms are some of the ways the Section promotes the Region as an employer of choice.
- 2.6 Throughout the course of 2018 Human Resources Management met with each divisional Director to review the five-year forecast for employee retirements, to identify critical jobs within their division (succession planning) and to provide assistance in regard to learning opportunities for employees with the potential to fill critical positions which may become vacant in the future. Additionally, cross-divisional and cross-departmental opportunities were identified for staff. In each instance, active succession planning activities were underway and viable plans were in place. Each plan, per division, is housed with Human Resources, and bi-annually Human Resources will continue to offer support with succession planning to ensure the Region is appropriately positioned in the event that a critical job vacancy occurs.

3. Retirement Demographics

- 3.1 The following is the breakdown of employees eligible to retire within the next five years as identified by OMERS for each employee group as at December 31, 2018:

- Three of the Region's seven (or 42 %) Department Heads
- Sixteen of the Region's thirty-two (or 50%) Directors
- One hundred of the four hundred and fifty-seven (or 21%) Management personnel
- One hundred and forty-seven (or 20%) of non-management personnel

4. Conclusion

- 4.1 Succession planning is a critical strategic priority for the Corporation to ensure the protection and transfer of corporate knowledge.
- 4.2 The Talent Acquisition and Organization Development section of Human Resources, Corporate Services will continue to both promote and support all divisions in ensuring workplace demographics are provided to plan and implement succession and performance management planning activities to meet our future needs. All Departments are encouraged to continue to utilize Human Resources tools such as performance management and succession planning in developing their personnel for future corporate growth and development.

Prepared by: Louise O'Dell, Director, HR Departmental Services, Corporate Services – Human Resources, at 905-668-7711, extension 2076

Respectfully submitted,

Original signed by

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



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Sandra Austin, Director of Corporate Policy and Strategic Initiatives
Report: #2019-A-3
Date: January 15, 2019

Subject:

Appointment of Citizen Members to the Durham Region Roundtable on Climate Change (DRRCC)

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

a) That the following citizen members be reappointed to the DRRCC:

- Celina Desbiens – University Student
- Todd Hall – President at Environment & Risk Assurance Services Inc.
- Daniel Hoornweg – Professor and Research Chair, University of Ontario Institute of Technology
- June Kinniburgh – Durham Food Policy Council
- Carol Mee - Public Health
- Ruben Plaza - Corporate Environmental Manager, St Marys Cement
- Kent Shadwick - Environmental and Office Services at York Catholic District School Board
- Martin Vroegh – Citizen Representative

(See Confidential Attachment 1 - DRRCC Committee Member Biographies – 2019-2022)

b) That the following new citizen members be appointed to the DRRCC:

- One representative from BILD-Durham

- c) That successful nominees be advised of their appointment to the 2019 – 2022 term of the DRRCC

Report:**1. Purpose**

- 1.1 The purpose of this report is to recommend citizen members for 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 has three main areas of focus:

- Outreach: assist all stakeholders within the Region to address climate change in their respective practices and operations;
- Advocacy: make recommendations with respect to policy positions that Regional Council could adopt and/or take forward to other levels of government and government agencies to address climate change; and
- Education: continually improving knowledge and understanding of climate change.

- 2.2 The DRRCC is currently composed of between 14 to 19 members as follows:

- Five Regional Councillors – the Regional Chair, ex-officio, and one Councillor (plus an alternate) representing each of the four Regional Standing Committees;
- Eight to thirteen citizen members including but not limited to large industry, small business, agriculture, energy, public institutions, education sector, youth and/or the general public; and
- The Chief Administrative Officer (CAO) of the Region (plus a Regional staff member as an alternate).

3. Appointment of Citizen Members

- 3.1 As indicated in the Terms of Reference, when there is a vacancy, staff from the CAO's office will contact community and industry leaders to invite them to volunteer for the DRRCC.
- 3.2 In nominating citizen members to the DRRCC, the goal is to have members representing a wide range of sectors.

4. Conclusion

- 4.1 Most of the nominees presented have served as seasoned members of DRRCC, and bring with them experience, enthusiasm and expertise. New members represent the public at large with knowledge related to government operations, post secondary institutions and the building sector. It is recommended that Regional Council Appoints the recommended nominees to the DRRCC for the 2019 – 2022 term of Council.

5. Attachments

- Confidential Attachment 1 - DRRCC Committee Member Biographies – 2019-2022

Respectfully submitted,

Original signed by:

Sandra Austin
Director of Corporate Policy and
Strategic Initiatives

Recommended for Presentation to Committee

Original signed by:

Elaine Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

From: Commissioner of Finance
Report: [#2018 -INFO-157](#)
Date: December 7, 2018

Subject:

Contract Amendments Funded Within Approved Capital Project Budgets and Emergency Expenditures for Period from August 1, 2018 Ending October 31, 2018

Recommendation:

Receive for Information

Report:

1. Purpose

- 1.1 This report provides details related to thirteen contract amendments for which the increased financial commitment has been funded within approved capital project budgets for the period from August 1, 2018 to October 31, 2018, in accordance with the Regional Budget Management Policy.
- 1.2 Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Contract Amendments Funded within the Approved Project for the Period of August 1, 2018 to October 31, 2018

- 2.1 For the period of August 1, 2018 to October 31, 2018, ten engineering services agreement amendments with increased financial commitments exceeding the limits set out in Section 10 of the Budget Management Policy were processed. In addition, three construction contracts were amended that exceeded the limits prescribed in Section 12.1 of the Budget Management Policy. Funding was available from contingencies within the approved capital budgets for each project.

Project	Contract Cost *	Total Revised Contract Cost*	Total Increase*
<u>Additional Engineering Services:</u>			
• Cole Engineering Group Limited-Harbor Sewage Pumping Station Harbor Park Crescent, Township of Brock (D1416)	\$59,810	\$102,480	\$42,670
• EXP Services-Project Management Parking Structure Rehabilitation at 77 Centre Street, City of Oshawa, (G1513)	\$71,184	\$74,629	\$3,445
• The Municipal Infrastructure Group York-Durham Line Modifications (R1525)	\$59,878	\$113,312	\$53,434
• The Municipal Infrastructure Group Inc.-Detailed design of the Bowmanville Bridge and the Taunton Road/Regional Road 57 Intersection, Municipality of Clarington (R1609)	\$582,883	\$655,902	\$73,019
• Chisholm, Fleming and Associates-Rehabilitation of the Cochrane Street CPR Bridge/ CP Overpass, Town of Whitby (R1420)	\$89,700	\$125,597	\$35,897
• AECOM Canada Limited-Replace Watermain Across HWY 401/South Blair Street, Town of Whitby (W1315)	\$246,000	\$330,000	\$84,000
• AECOM Canadas Limited-Bloor Street Feedermain Phase 3, City of Oshawa (O043/O1709)	\$694,505	\$878,809	\$184,304
• GHD Limited-Structural Evaluation of the Beaverton River Bridge, Township of Brock, (R1628)	\$59,400	\$138,597	\$79,197
• GHD Limited-BRT Improvements on Westney Road and Kingston Road, Town of Ajax (R1303)	\$50,735	\$76,969	\$26,234
• GHD Limited-Inspection and Engineering Services during Construction of the Gamebridge Bridge, Township of Brock (R1632)	\$303,257	\$555,282	\$252,025
<u>Additional Construction:</u>			
• Dagmar Construction-Rehabilitation of the John Mills Bridge Westney & Bayly intersection	\$2,789,374	\$3,194,707	\$405,333

Improvements, Town of Ajax(R1617/R1528)			
<ul style="list-style-type: none"> • Varcon Construction Corporation-Whites Road and Kingston Road lane widening, City of Pickering (R1307) 	\$6,972,930	\$8,061,561	\$1,088,631
<ul style="list-style-type: none"> • Esposito Brothers Construction-BRT Improvements on Westney Road and Hwy. 2, Town of Ajax (H1033/H1046/R1303/R1636) 	\$6,459,665	\$6,847,294	\$387,629

3. Conclusion

In accordance with the Regional Budget Management Policy, Regional Council is to be informed on a quarterly basis when it is estimated that expenditure limits specified in Section 10 (Consulting) and 12.1 (Capital Projects) will be exceeded and funding is available within the project. This report has been reviewed by the Works Department.

Respectfully submitted,

Original Signed by Nancy Taylor

Nancy Taylor, BBA, CPA CA,
Commissioner of Finance



The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: [#2018-INFO-160](#)
Date: December 14, 2018

Subject:

Update to Sick Leave Liabilities and Cash-out Payments

Recommendation:

Receive for information

Report:

1. Purpose

- 1.1 The purpose of this report is to provide an update to the liability for unused sick days accumulated by and due to certain employees when leaving the Region's employment.

2. Background

- 2.1 In 1975, Regional Council adopted a by-law to establish a sick leave plan. The plan provides a set number of days each month to regular full-time employees for paid absences due to illness. Under the sick leave plan any unused portion of the annual entitlement accumulates to the credit of the employee.
- 2.2 An employee who has at least five years of continuous service is entitled to be paid for one-half of the accumulated sick leave credits at the rate of pay at the time of termination, provided that the amount of the payment does not exceed six months' salary (Sick Leave Cash-out).
- 2.3 The sick leave cash-out provisions are included in most collective agreements. However, sick leave cash-out does not apply to regular full-time employees of Region of Durham Paramedic Services nor Durham Region Transit. The Durham Regional Police Service (DRPS) also has a sick leave plan; however, this report excludes the financial detail for the DRPS sick leave liabilities. In addition, the plan is subject to change for certain groups of employees.

3. Liability and Actual Usage of Sick Leave Cash-out

- 3.1 The 2017 Consolidated Financial Statements for the Region includes a liability for unused sick leave benefits, a portion of which may be taken as a Sick Leave Cash-out when employees leave the Region's employment. The liability, for approximately 3,000 Regional employees, excluding the employees noted in section 2.3, totalled \$43.7 million at the end of 2017. Only a portion of this liability (approximately 70 per cent) would qualify under the existing policy, as noted above, for cash-out on termination of employment.
- 3.2 The following table provides the number of employees who received a sick leave cash-out on termination of employment and the average payment for the last five years.

Year	Number of employees	Average Sick Leave Cash-out
2017	109	\$20,671
2016	107	\$21,111
2015	87	\$22,625
2014	85	\$21,609
2013	102	\$18,258

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA,
Commissioner of Finance



The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: [#2018-INFO-161](#)
Date: December 14, 2018

Subject:

Regional Reserve Fund Balances as of October 31, 2018

Recommendation:

Receive for information

Report:

1. Purpose

- 1.1 This report provides schedules indicating the current balances of the Regional Reserve Funds as at October 31, 2018.

2. Background

- 2.1 Pursuant to the *Development Charges Act, 1997*, development charges payable at the issuance of building permit are received by the Region one month in arrears from the issuance of the permit. As such, the receipts are based on building permits issued and reflect the activity to the end of September 30, 2018.
- 2.2 The following table shows the actual building permit activity compared to the forecast for 2018.

Development Charge Activity to September 30, 2018

	January 1 – September 30, 2018	2018 Forecast	% of Forecast
Residential (units)	3,588	4,500	79.7%
Non-residential (square feet)	1,301,714	804,000	161.9%

3. Purpose of Reserve Funds

Reserve funds are an integral component of the Region's long-term financing strategy, provide flexibility for one-time investment opportunities (i.e. infrastructure programs) and are a source of liquidity and a hedge against contingencies. Reserve funds are key to the Region's financial stability, a major factor in Durham's long-standing Triple A credit ratings and are an integrated part of financial management policies and practices. A review of the funds and future requirements is upcoming in early 2019 as part of a long-term reserve fund financing strategy. Use of reserve funds as part of the 2019 budget as a strategic approach will be highlighted for Council.

4. Attachments

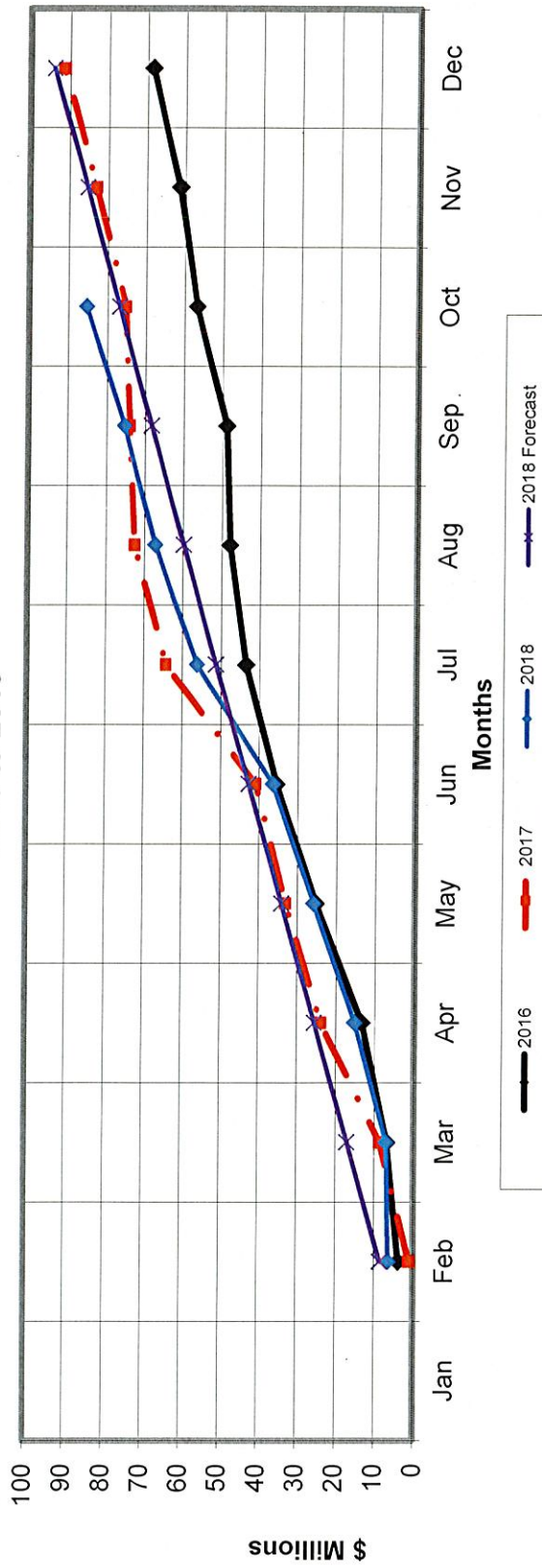
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|--------------|--|
| Schedule #1: | Residential Development Charge Receipts Graph, Regional Revitalisation and General Levy Stabilization Reserve Funds Graphs |
| Schedule #2: | Regional Reserve Fund Balances |
| Schedule #3: | Regional Residential Development Charges |
| Schedule #4: | Regional Non-Residential Development Charges |

Respectfully submitted,

Original Signed By

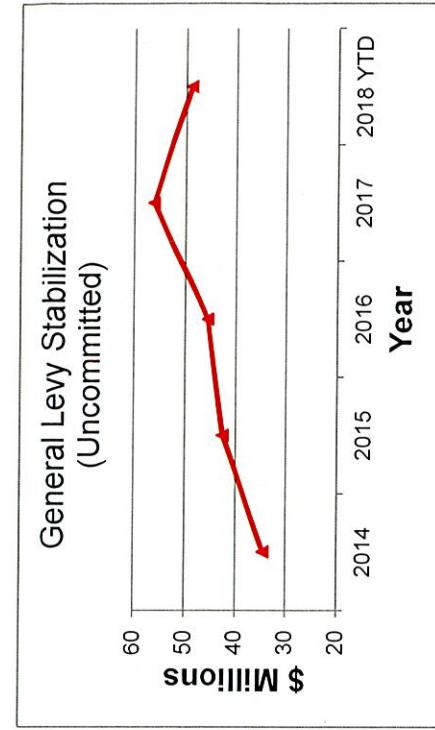
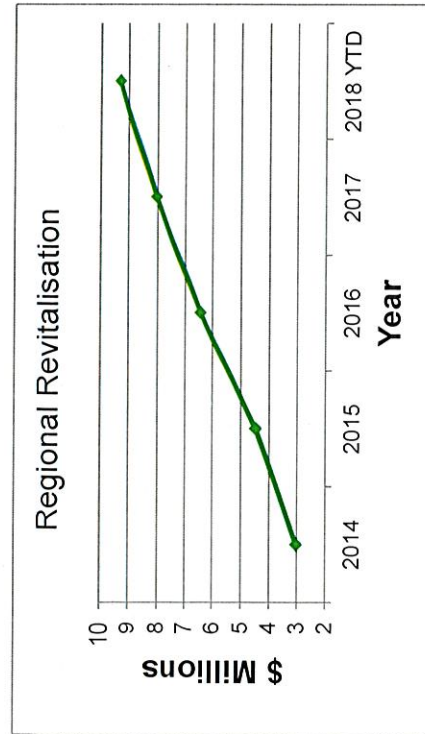
Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

RESIDENTIAL DEVELOPMENT CHARGE RECEIPTS 2016 to 2018



Note: This graph reflects 2016-2018 Development Charges, and includes prepayments on development agreements prior to the annual indexing of the development charges.

RESERVE FUNDS



REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 1 of 8)

	Development Charges					
	Residential					
	Water Supply	Sanitary Sewerage	Roads	Police	Homes for the Aged	Development Related Studies
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	163,535,480	62,416,836	50,433,939	11,423,912	91,960	576,819
TRANSFERS IN						
- Development Charges	22,618,315	29,711,996	24,424,989	1,759,628	90,507	61,099
- Interest	2,877,786	1,223,831	1,021,780	202,369	1,331	9,544
- Contribution from Operations	-	-	-	-	-	-
Total Revenue	25,496,101	30,935,827	25,446,769	1,961,997	91,838	70,643
TRANSFERS OUT						
- Capital Financing	26,505,059	12,991,378	29,602,429	-	-	-
- Operations	-	-	-	-	-	59,925
- Debt Charges	-	8,045,295	-	-	181,837	-
Total Expenses	26,505,059	21,036,673	29,602,429	-	181,837	59,925
Balance (Before Commitments)						
As at October 31, 2018	162,526,522	72,315,990	46,278,279	13,385,909	1,961	587,537
COMMITMENTS (1)	16,676,215	32,473,742	17,746,865	11,300,000	1,961	146,720
UNCOMMITTED BALANCE						
As at October 31, 2018	145,850,307	39,842,248	28,531,414	2,085,909	-	440,817

Note:

- Development charge commitments include the 2018 budgeted contributions to capital projects, current and next year debt charges, the Region's share of commitments pursuant to various agreements, specific capital project approvals and deferral of prepayments received prior to the annual indexation of the development charges.

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

	Development Charges							
	Residential				Commercial			
	Health & Social Services		GO Transit		Water Supply		Sanitary Sewerage	
	EMS		Housing	Transit				Roads
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	2,518,128	1,187,622	-	-	12,923,574	5,841,936	3,165,701	9,231,763
TRANSFERS IN								
- Development Charges	407,440	280,745	259,385	1,921,263	2,839,301	648,042	2,746,325	2,082,360
- Interest	44,737	21,744	876	-	235,733	102,093	67,786	171,000
- Contribution from Operations	-	-	-	-	-	-	-	-
Total Revenue	452,177	302,489	260,261	1,921,263	3,075,034	750,135	2,814,111	2,253,360
TRANSFERS OUT								
- Capital Financing	-	-	-	1,921,263	-	2,393,383	1,835,653	4,336,568
- Operations	-	-	-	-	-	-	-	-
- Debt Charges	-	-	-	-	-	-	1,193,609	-
Total Expenses	-	-	-	1,921,263	-	2,393,383	3,029,262	4,336,568
Balance (Before Commitments)								
As at October 31, 2018	2,970,305	1,490,111	260,261	-	15,998,608	4,198,688	2,950,550	7,148,555
COMMITMENTS (1)	2,500,000	-	-	-	-	-	1,677,824	350,000
UNCOMMITTED BALANCE								
As at October 31, 2018	470,305	1,490,111	260,261	-	15,998,608	4,198,688	1,272,726	6,798,555

Note:

- Development charge commitments include the 2018 budgeted contributions to capital projects, current and next year debt charges, the Region's share of commitments pursuant to various agreements, specific capital project approvals and deferral of prepayments received prior to the annual indexation of the development charges.

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 3 of 8)

	Development Charges					
	Institutional			Industrial		
	Water Supply	Sanitary Sewerage	Roads	Water Supply	Sanitary Sewerage	Roads
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	8,339	4,159	117,847	2,102,122	3,207,710	3,671,269
TRANSFERS IN						
- Development Charges	298,572	618,632	2,484,767	1,210,244	1,500,712	1,591,639
- Interest	2,613	5,130	22,251	39,040	58,237	67,038
- Contribution from Operations	-	-	-	-	-	-
Total Revenue	301,185	623,762	2,507,018	1,249,284	1,558,949	1,658,677
TRANSFERS OUT						
- Capital Financing	-	-	-	1,398,623	1,800,000	2,160,162
- Operations	-	-	-	-	-	-
- Debt Charges	-	-	-	-	-	-
Total Expenses	-	-	-	1,398,623	1,800,000	2,160,162
Balance (Before Commitments)						
As at October 31, 2018	309,524	627,921	2,624,865	1,952,783	2,966,659	3,169,784
COMMITMENTS (1)	-	-	-	-	-	-
UNCOMMITTED BALANCE						
As at October 31, 2018	309,524	627,921	2,624,865	1,952,783	2,966,659	3,169,784

Note:

- Development charge commitments include the 2018 budgeted contributions to capital projects, current and next year debt charges, the Region's share of commitments pursuant to various agreements, specific capital project approvals and deferral of prepayments received prior to the annual indexation of the development charges.

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 4 of 8)

		Development Charges			
	Non-Residential Transit	Carruthers Creek Water Supply	Area Specific Development Charges		Seaton Sewage
	\$	\$	Water Supply	Seaton Water Supply	\$
Balance as at January 1, 2018	3,015,382	217,977	-	-	-
TRANSFERS IN					
- Development Charges	597,388	-	-	4,260,033	2,498,971
- Interest	53,631	3,607	-	27,614	21,906
- Contribution from Operations	-	-	-	-	-
Total Revenue	651,019	3,607	4,287,647		2,520,877
TRANSFERS OUT					
- Capital Financing	-	-	-	255,986	25,704
- Operations	-	-	-	-	-
- Debt Charges	-	-	-	-	-
Total Expenses	-	-	255,986		25,704
Balance (Before Commitments) As at October 31, 2018	3,666,401	221,584	4,031,661		2,495,173
COMMITMENTS (1)	-	221,584	4,031,661		2,495,173
UNCOMMITTED BALANCE As at October 31, 2018	3,666,401	-	-		-

Note:

1. Development charge commitments include the 2018 budgeted contributions to capital projects, current and next year debt charges, the Region's share of commitments pursuant to various agreements, specific capital project approvals and deferral of prepayments received prior to the annual indexation of the development charges.

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

	Treatment Plant / Rate Stabilization		Regional Share of Non-Residential Development			Workers Compensation	York/Durham
	Water	Sewer	Water	Sewer			
	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	93,874,833	156,339,642	3,824,939	4,864,202	40,198,694	2,657,159	
TRANSFERS IN							
- Development Charges	-	-	-	-	-	-	-
- Interest	1,563,901	2,597,546	63,294	80,490	675,023	46,585	
- Contribution from Operations	634,700	635,122	-	-	930,276	137,980	
Total Revenue	2,198,601	3,232,668	63,294	80,490	1,605,299	184,565	
TRANSFERS OUT							
- Capital Financing	-	-	-	-	-	227,753	
- Operations	-	-	-	-	-	-	
- Debt Charges	-	-	-	-	-	-	
Total Expenses	-	-	-	-	-	227,753	
Balance (Before Commitments)							
As at October 31, 2018	96,073,434	159,572,310	3,888,233	4,944,692	41,803,993	2,613,971	
COMMITMENTS							
	12,855,366	24,728,365	-	-	18,347,406	-	
UNCOMMITTED BALANCE							
As at October 31, 2018	83,218,069	134,843,945	3,888,233	4,944,692	23,456,587	2,613,971	

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 6 of 8)

	Industrial Land	Regional Revitalisation	Roads Property Acquisition	Foreign Exchange	Insurance	Highway #2	Emergency Medical Services
	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	530,159	8,039,927	794,492	5,475,306	62,392,349	350,631	608,672
TRANSFERS IN							
- Development Charges	-	-	-	-	-	-	-
- Interest	8,773	157,600	13,147	90,603	1,020,782	5,802	10,072
- Contribution from Operations	-	1,860,000	-	-	16,159	-	-
Total Revenue	8,773	2,017,600	13,147	90,603	1,036,941	5,802	10,072
TRANSFERS OUT							
- Capital Financing	-	-	-	-	-	-	-
- Operations	-	725,500	-	-	1,621,704	-	-
- Debt Charges	-	-	-	-	-	-	-
Total Expenses	-	725,500	-	-	1,621,704	-	-
Balance (Before Commitments)							
As at October 31, 2018	538,932	9,332,027	807,639	5,565,909	61,807,586	356,433	618,744
COMMITMENTS							
	-	1,869,500	-	-	75,000	-	-
UNCOMMITTED BALANCE							
As at October 31, 2018	538,932	7,462,527	807,639	5,565,909	61,732,586	356,433	618,744

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 7 of 8)

	Solid Waste Management	Social Housing	Regional Roads Rehabilitation	Regional Bridge Rehabilitation	Durham Regional Cancer Centre	Police Capital	Durham Regional Forest	Land Conservation & Protection
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	81,981,775	29,715,951	20,092,355	8,195,140	622,201	59,068	142,077	6,124,901
TRANSFERS IN								
- Development Charges	-	-	-	-	-	-	-	-
- Interest	1,399,206	515,720	763,542	227,035	10,296	978	2,351	110,784
- Contribution from Operations	2,575,000	1,450,000	26,050,000	5,525,000	-	-	-	570,000
Total Revenue	3,974,206	1,965,720	26,813,542	5,752,035	10,296	978	2,351	680,784
TRANSFERS OUT								
- Capital Financing	-	-	25,473,118	5,202,839	-	-	-	-
- Operations	-	-	-	-	-	-	-	-
- Debt Charges	-	-	-	-	-	-	-	-
Total Expenses	-	-	25,473,118	5,202,839	-	-	-	-
Balance (Before Commitments)								
As at October 31, 2018	85,955,981	31,681,671	21,432,779	8,744,336	632,497	60,046	144,428	6,805,685
COMMITMENTS								
	-	4,833,327	-	-	-	-	-	6,805,685
UNCOMMITTED BALANCE								
As at October 31, 2018	85,955,981	26,848,344	21,432,779	8,744,336	632,497	60,046	144,428	-

REGION OF DURHAM
REGIONAL RESERVE FUND BALANCES
AS AT OCTOBER 31, 2018

Schedule 2
(Page 8 of 8)

	Oak Ridges Moraine		Asset Management	Federal Gas Tax	Provincial Gas Tax	Transit Capital	Seaton		Seaton Transit Capital	General Levy Stabilization		Total
	Conservation Plan						Facilities Capital					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	216,978	42,481,262	-	-	7,727,073	32,644,220	30,049,590	-	-	227,613,471	1,203,309,542	
TRANSFERS IN												
- Development Charges	-	-	-	-	-	-	-	-	-	-	-	104,912,353
- Interest	3,590	921,694	67,570	334,297		540,182	218,238	5,951		3,899,694	21,636,423	
- Contribution from Operations	-	13,218,550	9,683,184	8,675,923		-	-	1,012,722		-	72,974,616	
Total Revenue	3,590	14,140,244	9,750,754	9,010,220		540,182	218,238	1,018,673		3,899,694	199,523,392	
TRANSFERS OUT												
- Capital Financing	-	11,168,980	9,699,589	6,624,376		-	-	-		-	143,622,863	
- Operations	-	-	-	2,011,000		-	-	-		-	4,418,129	
- Debt Charges	-	-	-	-		-	-	-		18,253,500	27,674,241	
Total Expenses	-	11,168,980	9,699,589	8,635,376		-	-	-		18,253,500	175,715,233	
Balance (Before Commitments)												
As at October 31, 2018	220,568	45,452,526	51,165	8,101,917		33,184,402	30,267,828	1,018,673		213,259,665	1,227,117,701	
COMMITMENTS	220,568	-	51,165	8,101,917		-	21,461,086	-		164,413,306	353,384,436	
UNCOMMITTED BALANCE												
As at October 31, 2018	-	45,452,526	-	-		33,184,402	8,806,742	1,018,673		48,846,359	873,733,265	

REGIONAL RESIDENTIAL DEVELOPMENT CHARGES
SCHEDULE OF DEVELOPER CONTRIBUTIONS BY AREA MUNICIPALITY
AS OF OCTOBER 31, 2018

	Water Supply	Sanitary Sewerage	Roads	Police	Homes for the Aged	Development Related Studies	EMS	Health & Social Services	Housing	GO Transit	Transit	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ajax	2,840,250	3,176,567	3,052,640	191,124	8,102	6,783	44,172	30,162	17,506	214,362	308,916	9,890,584
Brock	1,161,062	1,336,691	1,299,105	81,477	2,275	2,223	19,327	13,933	41,409	82,716	130,966	4,171,184
Clarington	5,032,397	5,784,709	5,543,778	393,874	18,060	14,510	90,541	61,978	23,220	426,118	607,459	17,996,644
Oshawa	5,243,639	5,865,075	5,588,547	401,417	17,076	14,237	92,668	63,521	40,719	438,163	637,440	18,402,502
Pickering	4,407,807	4,875,775	4,685,653	400,908	34,042	13,937	93,008	64,086	59,932	454,985	682,874	15,773,007
Scugog	251,936	290,784	336,990	14,366	542	465	3,350	2,352	3,870	14,952	23,424	943,031
Uxbridge	152,712	176,284	209,598	18,364	826	666	4,119	2,356	-	19,169	19,435	603,529
Whitby	3,528,512	8,206,111	3,708,678	258,098	9,584	8,278	60,255	42,357	72,729	270,798	428,787	16,594,187
Total	22,618,315	29,711,996	24,424,989	1,759,628	90,507	61,099	407,440	280,745	259,385	1,921,263	2,839,301	84,374,668

Note:

1. Pursuant to the *Development Charges Act, 1997*, development charges payable at the issuance of the building permit are received by the Region one month in arrears from the issuance of the permit. The recorded receipts reflect activity to the end of September.
2. Whitby includes \$4,367,337 West Whitby sewer non-monetary contribution.

REGIONAL NON-RESIDENTIAL DEVELOPMENT CHARGES
SCHEDULE OF DEVELOPER CONTRIBUTIONS BY AREA MUNICIPALITY
AS OF OCTOBER 31, 2018

	Commercial			Institutional			Industrial			Non-Residential	
	Water Supply	Sewerage	Roads	Water Supply	Sewerage	Roads	Water Supply	Sewerage	Roads	Transit ⁽²⁾	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ajax	88,397	180,796	416,886	1,838	9,748	29,964	964,885	1,166,047	1,117,014	199,884	4,175,459
Brock	9,447	24,876	27,375	-	-	-	-	-	17,496	5,277	84,471
Clarington	178,971	498,314	531,742	-	-	-	64,357	134,599	96,669	61,596	1,566,248
Oshawa	163,974	362,594	441,601	-	-	-	-	-	-	19,525	987,694
Pickering	26,122	72,961	77,723	-	-	-	19,704	29,750	118,298	25,274	369,832
Scugog	2,444	6,827	54,016	-	-	-	-	-	-	4,829	68,116
Uxbridge	39,069	109,124	120,975	-	-	-	79,857	-	119,832	22,574	491,431
Whitby	139,618	1,490,833	412,042	296,734	608,884	2,454,803	81,441	170,316	122,330	258,429	6,035,430
Total	648,042	2,746,325	2,082,360	298,572	618,632	2,484,767	1,210,244	1,500,712	1,591,639	597,388	13,778,681

Notes:

1. Pursuant to the Development Charges Act, 1997, development charges payable at the issuance of the building permit are received by the Region one month in arrears from the issuance of the permit. The recorded receipts reflect activity to end of September.
2. Non-residential transit includes Commercial, Institutional and Industrial components.
3. Whitby includes \$1,098,989 West Whitby Commercial Sewer Non-Monetary contributions.



The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: [#2018-INFO-164](#)
Date: December 14, 2018

Subject:

The Consolidated Budget Status Report to October 31, 2018 and Full Year Forecast

Recommendation:

Receive for information

Report:

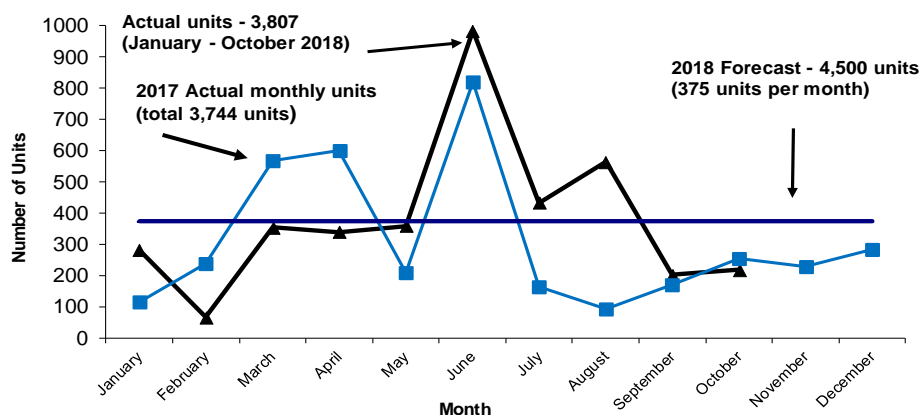
1. Purpose

- 1.1 The following summary on the status of the 2018 Consolidated Budget and Full Year Forecast for the General Tax Operations, Water Supply, and Sanitary Sewer Systems is based upon information supplied by the Regional Departments, a review of the financial statements to October 31, 2018 and preliminary information forecast to the end of the year.

2. Development Charge Receipts Status

- 2.1 The development charge receipts for 2018 (for January to October) total 3,807 units which equates to 85 per cent of the total 2018 forecast of 4,500 units.

Actual and Forecasted Development Charge Receipts (2018)



3. Budget Status Summary - General Tax Operations

- 3.1 A surplus is forecast for the General Tax Operations as indicated in the following table:

	<u>Surplus/(Deficit)</u>
	\$
General Tax Operations	
Social Services Department:	
Long-Term Care & Services for Seniors	(750,000)
Family Services	400,000
Income and Employment Support	250,000
Housing Services	<u>100,000</u>
Total Social Services Department	<u>Break Even</u>
Health Department:	
Public Health Programs	2,100,000
Region of Durham Paramedic Services	<u>(850,000)</u>
Total Health Department	<u>1,250,000</u>
Works Department:	
General Tax	(1,000,000)
Solid Waste Management	<u>(900,000)</u>
Total Works Department	<u>(1,900,000)</u>
Planning and Economic Development Department	600,000
Corporate Services Department	345,000
Finance Department	450,000
Provincial Download	(300,000)
Other Initiatives / Unallocated Revenue	(175,000)
Durham Region Transit	<u>(200,000)</u>
Overall General Tax - Surplus	<u>70,000</u>

- 3.2 The major factors contributing to the budget variances are overexpenditures related to winter maintenance activities, primarily impacting Durham Regional Local Housing Corporation (DRLHC) facilities, transit and transportation budgets, and higher personnel related costs incurred in compliance with the provisions of Bill 148, *Fair Workplaces, Better Jobs Act, 2017* and market rate salary adjustments effective in September (2018-INFO-132).

4. General Tax Operations

4.1 Social Services Department

- The Long-Term Care and Services for Seniors Division advises that as of the end of October a deficit position of approximately \$750,000 is expected for the year. Factors contributing to this position are:
 - The provincial increase in the Nursing and Personal Care and Physiotherapy per diem, partially offset by Case Mix Index assigned to each Home by the Province, result in a net favourable variance of \$360,000 for per diem revenue across all four homes. A surplus position of approximately \$150,000 is anticipated for preferred accommodation revenue from all four homes, resulting in a total projected surplus in revenues of approximately \$510,000.
 - Due to higher than anticipated rebates and lower usage, utility costs are expected to be under budget, resulting in a savings of approximately \$300,000 across the division.
 - Unfavourable variances are forecast in personnel expenses due to several factors. The personal emergency leave provisions of Bill 148, *Fair Workplaces, Better Jobs Act, 2017*, the overtime and temporary staffing required to ensure standards for resident care and strict service levels are maintained when staff is absent due to staff vacancies, training, illness or injury, as well as the impact of the market rate salary adjustments in the fall, are expected to result in a deficit of approximately \$1,500,000 for the year.
 - A deficit of \$60,000 is expected for the Adult Day Program, due primarily to client fees being lower than anticipated and higher than expected WSIB related costs.
- The Family Services Division reports that due to the timing gap in filling staff vacancies in the Core Community Services program savings of approximately \$400,000 are anticipated for the year.
- In the Income and Employment Support Division, an overall surplus of \$250,000 is projected for the year based on the following items:
 - Though the year to date average caseload for the Client Benefits program is slightly below budgeted expectations, year to date gross benefit costs are higher than planned by approximately 6%. While the Provincial upload of the eligible municipal share of costs for Ontario Works Financial Assistance was completed effective January 2018, the cap on the maximum cost shareable amount of discretionary benefits remains. As a result of the cap, a deficit of approximately \$500,000 in the discretionary client benefits program is currently projected for the year.

- The Ontario Works (OW) Program Delivery budget is projected to have a net surplus for the year. While client-related expenditures in the OW Employment Support accounts continue to trend above budget, the continued personnel savings in the Administration section of the program more than offset this over expenditure, with an expected net surplus of \$600,000.
- In addition, the 2018 approved provincial subsidy for OW administration is greater than the budget estimate by \$150,000.
- Overall, a net surplus position of \$250,000 is forecast for the year.
- The Children's Services Division is reporting an overall break even position for the year. On May 8th, the provincial government released details of additional funding from the Ministry of Education in the amount of \$5.1 million for Fee Stabilization, Child Care Expansion Plan, as well as a new funding stream - Operating Funding for Base Funding for Licensed Home Child Care (LHCC). It is not anticipated that net Regional costs will change as a result of the increase in provincial funding.
- The Housing Services Division reports that they are tracking under budgeted expectations, primarily due to savings on personnel costs as a result of vacancies during the year. Expenditures on the Consolidated Homelessness Prevention Initiative are proceeding as planned with the provision of services that address the selected outcomes of At Home in Durham, the Durham Housing Plan 2014 – 2024. A surplus of approximately \$100,000 is projected for the year.
- Overall, a break even position is projected for the Social Services Department for the year.

4.2 Health Department

- On a property tax budget of \$18.3 million for the Public Health programs, the Health Department is reporting a surplus of approximately \$2.1 million. The surplus arises in the mandatory program budgets, primarily due to savings resulting from staff attrition and retirements and the time lag associated with hiring of replacement staff.
- The Region of Durham Paramedic Services (RDPS) division is projecting a shortfall related to increasing staff costs of approximately \$895,000, due to legislative changes. The most significant financial impact results from inclusion of post-traumatic stress disorder claims within workplace safety insurance coverage. Additional costs are also result from the legislated statutory holiday and vacation pay enhancements for part-time employees.
- The approved 2018 provincial subsidy for the Designated Offload Nursing program was confirmed equal to budget; however, the subsidy for the rest of the division exceeds the amount budgeted by \$45,000.

- Overall, a deficit position of \$850,000 is forecast for RDPS at this time.
- The net result for the Health Department is a projected surplus of \$1,250,000.

4.3 Works Department

- The Works Department has indicated that year to date expenditures in the winter control program are \$8,508,000 compared to the annual budget of \$10,015,000, or 85% of budgeted expenditures. With year to date expenditures running over expectations, and should the winter control spending for the remainder of the year reflect that of prior years, a deficit in the range of \$1 - \$1.5 million could materialize. While the final status of the winter maintenance budget will be dependent upon storm events in the latter part of the year, a deficit of \$1 million is forecast for this reporting period.
- The balance of the Roads and General Operations programs are expected to be in a breakeven position for the year.
- In the Solid Waste Management Operations, the extension of the garbage and blue box collection contracts as approved by Regional Council are expected to result in an over expenditure of about \$1 million for 2018. Savings from staff vacancies, a reduction in tonnage for the waste composition study and other miscellaneous costs are expected to reduce this expenditure deficit by approximately \$500,000.
- In addition the waste management facilities are expected to provide a budget surplus of approximately \$200,000 by year end.
- As previously reported by the Works Department, the China National Sword Campaign is having a significant impact on the market prices for recyclable products. As the Region markets plastics, aluminum, steel and glass to North American markets, newsprint and mixed paper are the only commodities being impacted by China's National Sword Campaign at this time, although further actions are expected.
- Given the present market conditions, where disposal of fibres result in costs instead of revenues, a deficit of approximately \$600,000 is being forecast for blue box revenues at this time.
- Overall, a deficit position of \$900,000 is forecast for Solid Waste Management Operations for the year.

4.4 Planning and Economic Development Department

- As previously reported, program revenues of the Planning division are trending higher than budget (\$50,000) and there are realized staff savings from vacancies in the division (\$450,000). At this time a surplus of approximately \$500,000 is projected.

- There are also realized staff savings from vacancies in the Economic Development and Tourism division. A surplus of \$100,000 is projected for 2018 at this point in the year.
- The total projected surplus for 2018 for the Department is \$600,000.

4.5 Corporate Services Department

- The Corporate Services Department, Information Technology division, is now reporting anticipated savings of approximately \$150,000 by year end.
 - Hardware/software maintenance costs in the Corporate IT Support Costs program are expected to be approximately \$300,000 higher than planned, due to the increased annual cost for the first year of the recently renewed Microsoft Enterprise Licensing Agreement, effective October 1, 2018.
 - Offsetting the above deficit are savings in Wide Area Network operations maintenance costs due to the longer than anticipated amount of time required for newly constructed connections to come online.
 - Due to the timing gap in filling staff vacancies, savings in the staffing category of approximately \$150,000 are anticipated for the year.
- Based on a review of financial results to the end of October, Provincial Offences Administration has savings of about \$200,000, due to reduced adjudication charges from the Ministry of the Attorney General. However, fine revenue receipts for the year are running under budget and consequently, a break-even position is forecast at this time for Provincial Offences Administration.
- Staff vacancies in the Corporate Privacy Office and Records & Information Management sections of the Legislative Services division are expected to result in savings of \$195,000 in 2018.
- Overall, a surplus of \$345,000 is expected for the Corporate Services Department for 2018.

4.6 Finance Department

- The Finance Department is now projecting a surplus of approximately \$450,000, primarily as a result of staff vacancies.

4.7 Police Services Board

- As of October 31, 2018, the Police Service is forecasting year end results to be close to budgeted levels. For the ten months ending October 31st, net spending of \$161.3 million represents about 81 per cent (2017 – 83%) of the annual operating budget of \$198.92 million (2017 - \$193.12 million). Savings in salary expenses due to position vacancies are expected to be offset by higher

benefit expenses, including member retirement costs, as well as higher legal expenses and capital asset purchases.

4.8 Provincial Download Programs

- Payments to external social housing providers, a portion of the Provincial Download budget, are presently tracking under budget due to lower than anticipated Rent Geared to Income subsidies of approximately \$500,000. Benchmarked operating costs are tracking close to budget while property taxes for housing providers are expected to exceed budget by approximately \$300,000 for the year.
- The Durham Regional Local Housing Corporation (DRLHC) is projecting overages for the year, primarily from the costs of winter grounds maintenance and building maintenance and repair. These year to date operating costs are trending higher than budget and are close to the prior year actuals, which also resulted in a deficit.
- Overall, it is anticipated that the surplus in payments to external social housing providers net of the projected deficit in the DRLHC budget will result in a \$300,000 deficit position in the Provincial Download Program for 2018.

4.9 Other Initiatives / Unallocated Revenues

- Various Council reports have authorized financing at the discretion of the Commissioner of Finance that are expected to require financing from general tax sources in the range of \$675,000 as follows:
 - A Primary Care Outreach Pilot project to provide primary care outreach services to at-risk and hard to reach populations with targeted implementation was approved in June at an upset cost of \$290,000 for the 8 months ending February 28, 2019. Approximately \$220,000 was allocated for 2018, with the balance to be considered as part of the 2019 budgets for the Health and Social Services Departments. At the time of approval, it was anticipated that the program costs could be covered from surpluses within the budgets of the participating departments and these costs have been factored into the departmental forecasts.
 - Replacement of the parking garage waterproofing system at Regional Headquarters required additional financing of \$637,000 above the project budget of \$3 million (2018-COW-130).
 - Support for the Federation of Canadian Municipalities special advocacy fund in the amount of \$21,600 and \$16,000 for capital costs to implement electronic voting in Council chambers will be funded from general tax surpluses.
- Unallocated revenues from interest earnings are expected to exceed budget by about \$500,000, resulting in an overall net deficit of approximately \$175,000 for the year for Other Initiatives / Unallocated Revenue.

5. Durham Region Transit

- 5.1 As of October 31, it is projected that Durham Region Transit (DRT) will experience an operating deficit of approximately \$200,000, less than 0.5 per cent on a net budget of \$55.8 million for 2018, based upon a review of actual expenditures and revenues to date and forecasts to the end of the year.
- 5.2 Ridership statistics available to the end of October indicate that overall conventional ridership is approximately 2.6 per cent, or around 222,000 riders, higher than the budgeted ridership expectations, and 3.7 per cent higher than the same period in 2017. Statistics indicate that specialized services ridership is down approximately 2.6 per cent when compared to the 2018 budget and is about 1.2 per cent lower than prior year levels.
- 5.3 Overall, a \$50,000 deficit position for fare revenue is anticipated in 2018. In general, cash fare, paper pass and ticket sale revenue is trending lower than budgeted expectations; however, PRESTO and U-Pass revenues are trending to surplus positions, largely offsetting the deficit in the other fare media categories.
- 5.4 A forecasted surplus of approximately \$235,000 is expected for the Operations program. Demand for the GO One-Fare-Anywhere service is trending lower than budgeted expectations based on statistics available to October, and consequently, a \$110,000 surplus is projected. Payroll related expenses for conventional operators are trending lower than expected mainly due to gapping between hiring new operators and replacing those lost to attrition, illness and other factors. As a result, a \$375,000 surplus is expected for payroll related expenditures for Operations. However, route maintenance services, including snow and ice removal to keep bus stops and shelters safe for DRT passengers, is expected to be in a deficit position of about \$250,000.
- 5.5 The DRT facility program is expected to be in a \$200,000 deficit position as ground maintenance, mainly clearing of snow and ice at the main bus depots, is tracking much higher than anticipated.
- 5.6 The year-end forecast for the Maintenance division is a deficit position of \$360,000, attributable to the following main factors:
 - Bus repair expenditures are anticipated to be over budget by \$525,000;
 - The volume of fuel usage for conventional services is trending lower than budgeted expectations by approximately 253,000 litres, equivalent to a surplus of about \$265,000; and,
 - Fuel prices are slightly higher than budgeted expectations through 2018 so far, resulting in a \$100,000 deficit position. The average actual price per litre is approximately \$1.06, which is one cent higher than the budgeted price of \$1.05.

- 5.7 Overall, the Specialized Services program is expected to be in a \$175,000 surplus position in 2018 when compared to the approved budget mainly due to taxi service and fuel usage trending lower than budget at this time.

6. Water Supply and Sanitary Sewer Systems

6.1 Water Supply

- The Works Department reports that while there are budget variances within various program expenditures and revenues to this date in the year, there are overall savings, primarily related to personnel expenditures in the Engineering and Staff Support and Facilities Management programs, that are expected to result in a surplus by year end. At this point, a surplus of \$400,000 is projected for the Water Supply operations.
- To the end of October, water supply user revenues are tracking slightly above budget and a surplus position of \$1.8 million, representing approximately 1.7% on a revenue budget of \$106.4 million, is projected at this time.
- Overall, a surplus position of \$2.2 million in the water supply system is anticipated at this time.

6.2 Sanitary Sewer

- The Works Department projects that the current operational expenditures for Sanitary Sewer are anticipated to produce a surplus position of approximately \$600,000 by year end, largely because of continued improvements in energy efficiency measures in the plant operations.
- Similar to the water supply user revenues, sewer user revenues are tracking above budget and a surplus position of \$2.75 million (or approximately 2.8% on budgeted revenues of \$99.3 million) is projected at this time.
- Overall a net surplus position of approximately \$3.35 million is anticipated for the sanitary sewer system.

7. Summary

- 7.1 Based on the available information to the end of October, a surplus position is forecast for General Tax Operations, and the Water Supply and Sanitary Sewer Systems for the year.

Respectfully submitted,

Original Signed by N. Taylor

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



Memorandum

TO: Finance and Administration Committee

FROM: Sarah Penak, Committee Clerk

DATE: January 15, 2019

RE: Resolution adopted by the Works Committee at their meeting held on January 9, 2019

Corporate Services
Department –
Legislative Services

Works Department – 2019 Water Supply and Sanitary Sewerage Business Plans and Budgets ([2019-W-7](#)) [Item 7.2 G]

Moved by Councillor Marimpietri, Seconded by Regional Chair Henry,
That the Works Committee recommends to the Finance and
Administration Committee for subsequent recommendation to
Regional Council:

- A) That the Works Department's portion of the proposed 2019 Budget for the Water Supply System be approved, representing a net program cost of \$92.423 million inclusive of the proposed 2019 Water Supply Capital Program (gross proposed program totalling \$110.0 million); and
- B) That the Works Department's portion of the proposed 2019 Budget for the Sanitary Sewerage System be approved, representing a net program cost of \$75.963 million inclusive of the proposed 2019 Sanitary Sewerage Capital Program (gross proposed program totalling \$106.4 million).

CARRIED

Sarah Penak

S. Penak
Committee Clerk

- c. N. Pincombe, Director, Business Planning, Economic Studies & Risk Management
N. Taylor, Commissioner of Finance
R. Walton, Director, Legislative Services, Regional Clerk



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2019-F-1
Date: January 15, 2019

Subject:

2019 Regional Business Plans and Property Tax Budget Guideline

Recommendation:

That the Finance and Administration Committee recommend to Regional Council that the following detailed direction and guidelines for the 2019 Business Plans and Budgets for the Durham Regional Police Services Board, Durham Region Transit Commission, Conservation Authorities, Durham Region Local Housing Corporation, Regional Operations and other Outside Agencies be approved:

- A) The 2019 Property Tax Guideline not exceed an overall tax impact of 2.2 per cent compared to the 2018 approved budget incorporating the following specific guidelines:
- i. The 2019 Business Plans and Budget for the Durham Regional Police Services Board not exceed \$206.65 million, an increase of approximately 3.9 per cent compared to the 2018 approved budget;
 - ii. The 2019 Business Plans and Budget for the Durham Region Transit Commission not exceed \$58.15 million, an increase of approximately 4.2 per cent compared to the 2018 approved budget;
 - iii. The 2019 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 2019 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 2018 approved budget; and
 - iv. The 2019 Budget for the Durham Regional Local Housing Corporation not exceed an increase of 3.0 per cent for operations and 25.0 per cent for the capital program compared to the 2018 approved budget;

- B) The Commissioner of Finance provide the background for a Reserve Fund financing strategy including the purposes of the reserve funds, future requirements and recommendations for future contributions and uses as identified in the Servicing and Financing studies, with an interim report to be provided in February 2019 outlining the steps towards a final recommended Regional Long-Term Financial Planning Strategy prior to the 2020 business planning and budget deliberations; 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 2019 Business Plans and Budgets.
-

Report:

1. Overview

- 1.1 With new staff leadership at the Region, including a new Chief Administrative Officer (CAO) and Commissioner of Finance along with a dynamic senior leadership team, staff are taking this opportunity, in preparation for the 2020 budget process, to review the Region's business and financial planning processes to ensure modern, efficient and leading edge processes and strategies that address the diverse needs of the Region's various stakeholders including the public, businesses, investors, and credit rating agencies and to advance the long-term financial strength of the Region.
- 1.2 Throughout 2019 and beyond, staff under the leadership of the CAO will work to modernize programs and services by streamlining processes and achieving efficiencies across the organization. The 2019 Business Plans will set the stage for new and renewed objectives that will come with the new Corporate Strategic Plan which will be developed over the coming nine months.
- 1.3 In addition, financial reports and documents will be presented throughout 2019 to position the Region for the 2020 business planning cycle including a report in February 2019 on the proposed review of the Region's long-term financial strategy as well as the use and structure of reserve and reserve funds.

2. 2019 Guideline Overview

- 2.1 The purpose of this report is to seek Regional Council approval for an overall property tax guideline not to exceed a tax impact of 2.2. per cent (after assessment growth estimated at 1.7 per cent); along with the approval for the following specific guidelines for the Region's boards, commissions and outside agencies:
- The 2019 Business Plans and Budget for Durham Regional Police Services Board not exceed \$206.65 million, an increase of approximately 3.9 per cent compared to the 2018 approved budget;
 - The 2019 Business Plans and Budget for the Durham Region Transit Commission not exceed \$58.15 million, an increase of approximately 4.2 per cent compared to the 2018 approved budget;

- The 2019 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 2019 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 2018 approved budget; and
 - The 2019 Budget for the Durham Region Local Housing Corporation not exceed an increase of 3.0 per cent for operations and 25.0 per cent for the capital program compared to the 2018 approved budget.
- 2.2 The overall property tax guideline of 2.2 per cent will result in a \$59 budgetary increase for an average residential property owner in Durham Region with a 2018 current value assessment of \$424,900.
- 2.3 The establishment of specific property tax guidelines at this time will provide direction and assist staff with finalizing the 2019 budget submissions for presentation to Regional Council in March 2019.
- 2.4 A multi-year economic and financial forecast will be presented in a report to Finance and Administration Committee in February 2019.
- 2.5 The setting of the recommended guidelines were achieved in consultation with the CAO, Regional departments, Durham Regional Police Services, Durham Region Transit, Durham Regional Local Housing Corporation and the Conservation Authorities through detailed review of their 2019 to 2023 operating pressures and 10 year capital priorities. In addition, changes in the local and broader economic, political and social environments were considered along with the risks and uncertainties facing the Region in the delivery of its programs and services.
- 2.6 The preliminary 2019 budget submissions include 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 2018 budgetary decisions and adjustments for one-time items included in the 2018 budget;
 - Contractual and inflationary increases;
 - Economic increases (salary/benefit contracts); and
 - Various revenue and subsidy impacts, with the most significant being the projected revenue decrease from the sale of blue box material resulting from market changes largely derived by the imposed restriction on the importing of certain wastes by the People's Republic of China.
- 2.7 Together these base pressures and non-discretionary items result in a net property tax increase of approximately 1.9 per cent. Staff continue to review these base submissions to look for efficiencies and savings to mitigate these impacts.

- 2.8 In addition to addressing the non-discretionary pressures, the guideline provides for limited strategic investments to support key priorities while balancing the need for taxpayer affordability and competitive property taxes.
- 2.9 The strategic investments identified in the 2019 submissions can be grouped under the following four key priority areas, namely:
- Innovate operations and administration
 - Respond to ongoing legislative and regulatory changes
 - Invest in infrastructure renewal
 - Manage the challenges of growth and affordability
- 2.10 The following four sections highlight the main 2019 budget initiatives under each of these key priority areas. Many of these initiatives are multi-year initiatives and will have impacts on the 2020 budget and beyond.

3. Innovate Operations and Administration

- 3.1 Durham Region must continue to adopt new ways of doing things to ensure that the Region delivers the services that citizens expect and remains responsive to changing community needs. The following are examples of identified 2019 priorities for innovating the Region's operations and administration:
- Formalization of the DRPS's Continuous Improvement Program with the establishment of a unit dedicated to building capacity and mitigating risks.
 - Paramedic Services in partnership with Family Services is completing the Primary Care Outreach Program Pilot in early 2019. This program provides services to support identified at risk communities, primarily those suffering with mental health and addiction related challenges. Continuing to provide this program to the community on a permanent basis will require the purchase of a dedicated vehicle and funding for ongoing annual operating costs.
 - Continued implementation of various strategic plans and studies including the Affordable and Seniors Housing Task Force, Enterprise Information Management Strategy, Customer Service Strategy, Diversity and Inclusion Strategy, Durham Community Energy Plan, Durham Community Climate Adaptation Plan, Corporate Innovation Program, Tourism Strategy and Transportation Master Plan.
 - Development of a new Regional Corporate Strategic Plan.
 - Implementation and training on the new Point Click Care software system in the Region's LTC homes.

- Upgrades and enhancements to Human Resource applications to improve performance management, talent acquisitions, job analysis reviews, electronic training programs and organizational development.
- Corporate Communications is forecasting increased resources for expanding the Region's digital media services and enhancing the engagement of residents and businesses.
- Implementation of the Region's new Development Tracking System which will allow applicants to submit planning applications electronically; allow the public self-service access to information about planning applications; and improve efficiencies in processing applications.
- Enhanced business support for Durham Region Transit to modernize and expand this growing service.
- 9-1-1 Emergency Telephone System IT infrastructure to support system upgrades.
- Support for new and existing information technology related initiatives and performance enhancements related to the Region's new website and data security.

4. Respond to Ongoing Legislative and Regulatory Changes

4.1 Provincial and Federal legislative, policy and regulatory changes can often impact the programs and services provided by the Region. The following are investments identified in the 2019 submissions that are contemplated as a result of legislative, policy and regulatory changes:

- Resources required to comply with the Ontario Public Health Standards and changes in health legislation and regulations.
- Increased resources to meet the requirements of the Provincial Nuclear Emergency Response Plan (PNERP).
- Increasing workplace safety and insurance (WSI) costs resulting from *Bill 163, Supporting Ontario's First Responder Act*.
- Additional investments in Durham Regional Police Services, Public Health and POA to respond to the *Cannabis Statute Law Amendment Act, 2018*.
- Additional resources to manage the increased POA prosecutions workload resulting from the anticipated transfer of Part III offences from the province to the Region.

- Results from the Public Inquiry into the Safety and Security of Residents in the Long-Term Care Home System are anticipated to be delivered on July 31, 2019. The findings may have an impact on policies, procedures, practices and accountability and oversight mechanisms in the long-term care home system.

5. Invest in Infrastructure Renewal

5.1 As part of the Region's Asset Management Plan, Regional Council approved the continued best business practice of allocating funds to address priority rehabilitation and replacement needs of Regional infrastructure systems as part of the 2019 Business Planning and Budget deliberations. As well, servicing and financing studies for major functional areas have been presented to Council that outline the key capital and program priorities for 2019 and onwards. With property tax supported assets valued at \$5.0 billion (with total assets including water and sewer valued at \$13.8 billion), ongoing investment is required to maintain existing infrastructure and capital assets. The following are examples of projected 2019 investments in renewing Regional infrastructure:

- Regional headquarters space optimization to defer building expansion.
- Increase in forecasted road and structure rehabilitation and Automated Traffic Management System upgrades.
- Replacement of the Clarington Paramedic Station.
- Ongoing facility maintenance costs and replacement of vehicles and equipment across the organization aligned with prudent asset management practices.
- Investment in a number of climate change initiatives that will strengthen the resiliency of Regional infrastructure and improve the environment are incorporated into the Region's submission for 2019 and the forecast including:
 - procurement of fuel efficient vehicles as part of the Region's vehicle replacement program;
 - ditch maintenance to reduce deterioration of road shoulders;
 - storm sewer maintenance to ensure functionality in the event of heavy rainfall;
 - optimization and maintenance of traffic signal timings and intersection design to mitigate congestion and improve traffic flows; and
 - energy-efficiency upgrades to various regional facilities.

6. Manage the Challenges of Growth and Affordability

6.1 Residential and non-residential growth across the Region puts significant pressure on services and infrastructure provided by the Region resulting in increased staff and space required to meet growing community needs while balancing taxpayer affordability. Given prevailing economic risks and uncertainties which will impact taxpayer affordability, including interest rates, high household debt load and the impact of shocks in the local labour market, there is concern that there be a balance between the needs of the programs and the impact that a property tax increase will have on taxpayers across the Region. The following are 2019 budgetary pressures resulting from growth demands:

- Increased investment in front line police staff and Investigative Services (Human Trafficking) to respond to increased service demands.
- Durham Region Transit service enhancements to service new growth areas, improve the high frequency network and existing connections, increase capacity on existing routes, service optimization and continue to expand service in North Durham.
- Provide for continued investment in winter control, storm sewers, traffic systems, engineering services, and facilities and fleet management to meet the growing service demands, maintain minimum service standards and meet legislative requirements.
- Operating costs for the new Municipal Household Hazardous and Special Waste facility in Clarington.
- New Seaton community needs including funding for the construction of a new paramedic station in Seaton.
- Paramedic response times continue to increase due to call volumes and increasing offload delay challenges driving the need for additional staff and related operating costs.
- Continuing work on the Municipal Comprehensive Office Plan Review.
- Enhancements to economic development marketing and strategic partnerships to attract residents, visitors and businesses to Durham Region.
- Staff are carefully reviewing and prioritizing 2019 staffing requests and looking for efficiencies and opportunities to minimize the new staff requests for 2019.

7. Conclusion

7.1 In conclusion, the recommended overall 2019 property tax guideline for Regional Departments, the Durham Regional Police Services Board, Durham Region Transit Commission, Durham Regional Local Housing Corporation and funded Outside Agencies will result in:

- A Region-wide property tax rate impact of 2.2. per cent, after approximately 1.7 per cent assessment growth;

- A Region-wide 2019 property tax supported net expenditure increase of approximately \$25.13 million on a total net budget of \$644.46 million; and
 - A \$59 budgetary increase for an average residential home in Durham Region with a 2018 current value assessment of \$424,900.
- 7.2 With the recent provincial changes and fiscal challenges, the Region faces increased risk of reduced provincial subsidies and grants. This guideline is based on the current status quo. The Region currently receives approximately 27 per cent of its annual revenues from provincial subsidies and grants. Reduction in provincial funding will have a significant impact on the Region's ability to continue to deliver the same level of programs and services into the future. The Region, through its long-term financial planning is positioned to be able to temporarily respond to any in-year reductions in provincial funding allowing program areas the time needed to adjust programs and services to the new provincial funding levels. However, the 2020 Business Plans and Budgets may be significantly impacted by the reduced funding.
- 7.3 As Council is aware we are expecting 2019 funding requests from outside agencies which will need to be considered as part of Regional Council's deliberation on the 2019 Business Plans and Budgets.
- 7.4 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 not all requests throughout the organization will be achieved within this guideline and many will need to be considered in future budget years.
- 7.5 The detailed 2019 Business Plans and Budgets are schedule to be presented to the appropriate Standing Committee or Transit Executive Committee during the week of March 5, 2019, Finance and Administration Committee on March 19, 2019 and Council on March 27, 2019.

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: [#2019-F-2](#)
Date: January 15, 2019

Subject:

2019 Current and Capital Business Plans and Budgets and Nine-Year Capital Forecasts for the Water Supply and Sanitary Sewerage Systems

Recommendations:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the 2019 Current and Capital Business Plans and Budgets for the Water Supply System, with a total gross expenditure of \$182.21 million (net user rate supported expenditure of \$107.93 million) and related financing as set out below, be approved:

	2018 Gross Budget (\$ 000's)	2019 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
<u>EXPENDITURES</u>			
Operations:			
Watermain Cleaning and Repairs	3,649	3,572	(77)
Valves and Hydrants	3,208	3,211	3
Water Connections	4,217	4,370	153
Water Meters	755	666	(89)
Depot Operations	5,724	5,758	34
Plants East	2,780	2,926	146
Plants Central	13,118	13,263	145
Plants North	2,879	3,026	147
Sunvalley	28	29	1
Engineering and Staff Support	6,676	7,335	659
Facilities Management	6,532	6,603	71
Administration	304	315	11
Headquarters Shared Costs	1,050	1,073	23
Utility Finance	3,440	3,658	218
Share of Regional Corporate Costs	6,347	6,145	(202)
Contribution to Asset Management Reserve Fund	4,985	5,234	249
Subtotal Operations	65,692	67,184	1,492
Capital/Debt Charges:			
TCA Capital	2,359	3,361	1,002
TCA Construction	114,533	109,973	(4,560)
Debt Charges	-	1,694	1,694
Subtotal Capital/Debt Charges	116,892	115,028	(1,864)
TOTAL EXPENDITURES	182,584	182,212	(372)
<u>FINANCING</u>			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	27,245	57,358	30,113
Commercial Development Charges - Growth Related Capital	2,417	1,769	(648)
Industrial Development Charges - Growth Related Capital	1,400	-	(1,400)
Industrial Development Charges - Debt Charges	-	536	536
Institutional Development Charges - Debt Charges	-	28	28
Water Rate Stabilization Reserve Fund	-	2,000	2,000
Asset Management Reserve	4,509	4,985	476
Fees and Service Charges	2,708	2,791	83
Financing From Others:			
Region of York - TCA Construction	1,550	325	(1,225)
Oversizing Costs Related to Seaton/Federal Lands	18,785	4,488	(14,297)
Debenture Proceeds:			
Newcastle Water Supply Plant, Clarington	17,580	-	(17,580)
Financing From Non-User Revenue Sources	76,194	74,280	(1,914)
User Revenues Financing (including frontage charges)	106,390	107,932	1,542
TOTAL FINANCING	182,584	182,212	(372)

B) That the Nine-Year Capital Forecast for 2020 to 2028 inclusive, in the amount of \$1.05 billion as detailed in the Water Supply System Capital Budget, be received for information;

- C) That the 2019 Current and Capital Business Plans and Budgets for the Sanitary Sewerage System with a total gross expenditure of \$235.10 million (net user rate supported expenditure of \$102.12 million) and related financing as set out below, be approved:

	2018 Gross Budget (\$ 000's)	2019 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
<u>EXPENDITURES</u>			
Operations:			
Cleaning, Repairs and Maintenance Holes	2,025	2,112	87
Sewer Connections	2,882	2,944	62
Depot Operations	3,091	3,198	107
WPCPs and Pumping Stations	22,786	23,236	450
Duffin Creek WPCP	35,353	35,551	198
Regional Environmental Laboratory	2,413	2,571	158
Engineering and Staff Support	6,261	6,769	508
Facilities Management	6,810	7,075	265
Administration	307	318	11
Headquarters Shared Costs	1,050	1,073	23
Utility Finance	3,440	3,658	218
Share of Regional Corporate Costs	5,894	5,687	(207)
Contribution to Asset Management Reserve Fund	8,234	8,646	412
Subtotal Operations	100,546	102,838	2,292
Capital/Debt Charges:			
Duffin Creek WPCP - TCA Capital	1,880	1,480	(400)
Regional Environmental Lab - TCA Capital	480	172	(308)
TCA Capital	2,582	2,409	(173)
TCA Construction	49,518	106,437	56,919
Debt Charges	21,434	21,761	327
Subtotal Capital/Debt Charges	75,894	132,259	56,365
TOTAL EXPENDITURES	176,440	235,097	58,657
<u>FINANCING</u>			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	8,625	11,859	3,234
Residential Development Charges - Debt Charges	11,167	11,499	332
Commercial Development Charges - Growth Related Capital	737	1,266	529
Commercial Development Charges - Debt Charges	1,440	1,439	(1)
Industrial Development Charges - Growth Related Capital	1,800	1,000	(800)
Asset Management Reserve	6,900	8,234	1,334
Regional Environmental Lab Equipment Replacement Reserve	460	135	(325)
Fees and Service Charges	6,066	6,811	745
Financing From Others:			
Region of York - TCA	1,468	1,132	(336)
Region of York - TCA Construction	11,498	23,514	12,016
Developer Contribution	-	13,080	13,080
Region of York - Operating	26,964	27,109	145
Debenture Proceeds:			
Courtice Trunk Sanitary Sewer, Clarington	-	25,900	25,900
Financing From Non-User Revenue Sources	77,125	132,978	55,853
User Revenues Financing (including frontage charges)	99,315	102,119	2,804
TOTAL FINANCING	176,440	235,097	58,657

- D) That the Nine-Year Capital Forecast for 2020 to 2028 inclusive, in the amount of \$1.32 billion as detailed in the Sanitary Sewerage System Capital Budget, be received for information;
- E) That capital project approval be granted for expenditures and financing for the 2019 capital projects detailed within the 2019 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets where contract awards are consistent with the Regional Budget Management Policy; and
- F) That the necessary By-laws with respect to the 2019 Current and Capital Business Plans and Budgets for the Water Supply and Sanitary Sewerage Systems be presented to Regional Council.

Report:**1. Overview of Recommended 2019 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets**

- 1.1 The consolidated 2019 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets are included for approval and for recommendation to Regional Council on January 30, 2019. The recommended budgets can be financed from the approved water and sewer user rate increase of 1.8 per cent overall (1.1 per cent for water and 2.6 per cent for sewer).
- 1.2 The 2019 Current and Capital Budgets and the Nine-Year Capital Forecasts for the Water Supply and Sanitary Sewerage Systems, as recommended in this report, reflect the financial parameters of the approved user rate increase (Report #2018-COW-178) as well as the 2019 Water Supply and Sanitary Sewerage Servicing and Financing Study (Report #2018-COW-177).

2. Highlights of the 2019 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets

- 2.1 Approximately \$107.93 million and \$102.12 million in user rate funding is required for the 2019 Water Supply and Sanitary Sewerage Systems Programs, respectively.
- 2.2 The 2019 Water Supply and Sanitary Sewerage Systems Budget increases are mainly due to the following:
- priority staffing of six (6) positions, shared with Works - General Tax and Solid Waste Management (2.3 FTEs in water and 2.3 FTEs in sewer at a combined 2019 cost of \$254k or \$508k annualized for the Water Supply and Sanitary Sewerage Systems share) as indicated below:
 - One (1) District Technician to assist the Plant Superintendent and staff with ensuring compliance with Ministry of the Environment, Conservation and Parks (MECP) regulations;

- One (1) Senior Project Coordinator in Construction Management services to aid with design reviews of capital construction projects, review and prepare tender, project management and quality control;
 - One (1) Project Supervisor in Construction Management services to supervise capital construction for projects in the roads, water supply and sanitary sewerage portfolios;
 - Two (2) Technical Assistants to provide support for the administration of corporate facility maintenance contracts; and
 - One (1) Laboratory Information Management System (LIMS) Administrator to manage the recently acquired LIMS software, which automates quality control of samples in the Lab.
 - annualization of 1.8 FTEs for water and 1.3 FTEs for sewer from 2018 (\$183k);
 - annual economic increases related to salaries and benefits (\$851k) and operating inflationary adjustments (\$473k);
 - net increase in operating TCA capital from current costs (\$777k), significant capital projects including:
 - Network upgrades – Voice Over Internet Protocol at various Water Supply and Water Pollution Control Plants (\$1.0 million);
 - HVAC upgrades at Grandview Street Water Pumping Station (\$415k);
 - Asbestos Abatement at Cannington Wells (\$175k)
 - Two (2) new 3 Ton Crew Cab Trucks (\$300k); and
 - Two (2) new Tandem Combination Dump Truck / Snow Plow (\$480k). These trucks are also partially funded by Works-General Tax (\$240k); and
 - Construction of Municipal Services total capital program of \$216.4 million (a \$0.4 million decrease in user revenue financing from 2018 as a \$2.0 million contribution from the water supply treatment plant / rate stabilization was applied in 2019).
- 2.3 New positions and TCA items that are shared with Works General Tax and Waste will be considered approved once the corresponding funding shares from the property tax supported budgets have been approved by Regional Council.
- 2.4 The 2019 Water Supply Capital Program of \$113.3 million (includes \$110.0 million in construction of municipal services and \$3.3 million in expenditures including vehicles, computer equipment and facility upgrades) is recommended to be financed from user rate revenue, development charge revenue, a contribution from the asset management reserve fund, and developer contributions.
- 2.5 The 2019 Sanitary Sewerage Capital Program of \$110.5 million (\$106.4 million in construction of municipal services and \$4.1 million in other capital assets such as vehicles, computer equipment and facility upgrades) can be funded from user rate revenue, development charge revenue, a contribution from the asset management reserve, debentures, developer contributions and \$24.6 million from the Region of York for their share of system improvements and other TCA capital at the Duffin Creek WPCP and Regional Environmental Laboratory.

2.6 Regional Council approved the establishment of an Asset Management Reserve Fund in 2004 to provide financing for future high priority replacement and rehabilitation needs to the Water Supply and Sanitary Sewerage systems. The 2019 Water Supply and Sanitary Sewerage Systems Capital Budgets include draws of \$5.0 million for Water Supply and \$8.2 million for Sanitary Sewerage from the Asset Management Reserve Funds.

2.7 Some of the major components of the 2019 Water Supply and Sanitary Sewerage Systems Capital Program include:

Table 1
2019 Major Water Supply and Sanitary Sewerage Systems Capital Program

Water Supply	\$million	Sanitary Sewer	\$million
Newcastle Water Supply Plant Expansion and Replacement of existing Plant (\$10.2 million additional funding in 2019, \$43.9 million in prior funding, total estimated cost of \$54.1 million)	\$10.2	Duffin Creek Water Pollution Control Plant (WPCP): - Stage III Solids expansion (\$13.0 million, York Share - \$8.1 million) - Replacement of Reactors 1 & 2 (\$6.0 million, York Share - \$4.4 million) - Condition Assessment (\$0.6 million, York Share - \$0.5 million) - Regional Environmental Laboratory Upgrades (\$0.6 million, York share - \$0.3 million)	\$4.9 1.6 0.1 0.3
Rehabilitation at Oshawa Water Supply Plant: - Valve Chamber upgrades - Header and piping upgrades - Filter rehabilitation works	0.1 0.4 2.5	Plant upgrades: - Newcastle WPCP capacity re-rating - Uxbridge WPCP optimization, upgrades / rehabilitation - Corbett Creek WPCP upgrades - Courtice WPCP digester rehabilitation works, Clarington	1.2 2.5 2.5 1.7
Watermain replacement / rehabilitation to address critical needs	21.0	Sanitary sewer replacement to address critical needs Rehabilitation of trunk sewer - York Durham Sanitary Sewer System, Pickering (\$10.0 million, York Share - \$9.0 million)	13.2 1.0
New feeder mains (growth related): - Conlin Rd., Oshawa - Rossland Rd., Ajax - Harwood Ave., Ajax - Harmony Rd., Oshawa - Victoria St., Whitby - Bloor St., Oshawa - Bloor St., Courtice - Courtice Zone 1, Clarington	18.3 8.4 4.1 4.1 3.0 5.5 6.3 4.2	New trunk sanitary sewers (growth related): - Courtice Trunk Sewer (Phase 3) – Courtice, Clarington - Central Duffin Collector Sewer (Brock Rd.), Pickering - Baseline Rd., Bowmanville - Foster Creek trunk sanitary sewer, Newcastle	25.9 11.8 3.0 1.2
Replacement of water meters	3.1	Seaton Sanitary Sewage Pumping Station and forcemain, Pickering	4.0
Water filling stations	0.4	Water Street Sanitary Sewage Pumping Station, Port Perry, Scugog	1.7

3. Debt Charges

- 3.1 There are new debt charges for Water Supply (\$1.7 million in 2019), related to the Newcastle Water Supply Plant expansion / replacement capital project. Debt financing is anticipated to increase over the forecast period related to anticipated debt financing for the Whitby, Bowmanville and Ajax Water Supply Plant expansion projects. Debt charges are expected to peak at \$23.6 million in 2025, a portion (approximately \$15.7 million) of which is recoverable from development charges.
- 3.2 There are on-going debt charge commitments for sewer, mainly related to the Stage III Expansion at the Duffin Creek Water Pollution Control Plant (Bio-solids Management) and the Courtice, Port Darlington and Nonquon Water Pollution Control Plants. The 2019 debt charges for the Sanitary Sewerage budget totaling \$21.8 million includes \$11.5 million to be recovered from residential sewer development charge revenue (approximately 1,250 new units) and approximately \$1.5 million in debt charges will be recovered from commercial sewer development charges. Approximately \$8.8 million is to be recovered from user rates.
- 3.3 Debt charges for Sanitary Sewerage are anticipated to remain fairly level over the forecast period (2020-2028) with new debt anticipated for the Courtice Trunk Sanitary Sewer and Duffin Creek WPCP, offset by a decrease in debt charges as debt is retired for the Duffin Creek WPCP and Courtice WPCP.

4. Utility Finance

- 4.1 The Utility Finance Division of the Finance Department is included in the Water Supply and Sanitary Sewerage budget as it is fully funded by water and sewer user rates. This area provides three main services:
- Customer services (including collections and cash processing) – to provide customer services to approximately 176,000 water/sanitary sewer customers, respond to over 115,900 inquiries (telephone, e-mails and in-person) and collection of approximately \$210 million annually;
 - Billing and Analysis – responsible to issue over 700,000 water/sewer bills annually for over 176,000 customers and setting up new customer accounts; and
 - Meter Reading – responsible for obtaining water meter readings associated with residential and non-residential customer accounts, as well as investigating and assisting customers to identify water consumption problems.
- 4.2 The increase in the 2019 Utility Finance costs are mainly related to the implementation of the new water billing system and customer portal (\$770k). These costs are partially offset by a decrease in the corporate costs of the previous billing system (-\$92k).

5. Risks

5.1 There are a number of risks to both the proposed 2019 Water Supply and Sanitary Sewerage Systems programs and over the forecast period (2020-2028) as follows:

- Potential for further reduction in water usage resulting in lower user revenue, without corresponding cost reductions;
- Slow development growth, restricting the funding available for growth-related capital costs;
- Higher energy costs (i.e. electricity and natural gas); and
- Increasing construction costs resulting in higher user rate requirements.

6. Conclusion

6.1 The 2019 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets can be financed within the proposed overall water supply and sanitary sewerage user rate increase of 1.8 per cent and other related funding including development charges and fees/charges.

6.2 Accordingly, the 2019 Business Plans and Budgets for Water Supply and Sanitary Sewerage Systems are recommended for approval.

7. Attachments

7.1 Detailed Consolidated 2019 Business Plans & Budgets for Water Supply and Sanitary Sewerage Systems are available on-line through the link provided on the January 15, 2019 Finance and Administration Committee agenda or in hard copy by contacting the Finance Department at (905) 668-7711 ext. 2304.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

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Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: [#2019-F-3](#)
Date: January 15, 2019

Subject:

Proposed End-User Maintenance Agreement with INIT Innovations in Transportation, Inc. (INIT)

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That an End-User Maintenance Agreement with INIT Innovations in Transportation, Inc. be negotiated in order to minimize risks associated with critical system failures, at a total cost not to exceed \$1,458,970 over five years (July 1, 2018 to June 30, 2023) before applicable taxes, increasing the current contract value from \$5,792,731 (before taxes) to \$7,251,700, with the estimated 2019 cost of \$ 265,571 to be included in DRT's 2019 Business Plan and Budget; and
 - B) That the Commissioner of Finance be authorized to execute the necessary agreements.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to seek approval to negotiate an End-User Maintenance Agreement with INIT for a period of five years, with an upside limit of \$1,458,970.
- 1.2 A similar report was considered by the Transit Executive Committee on January 9, 2019.

2. Background

- 2.1 On February 13, 2013, Regional Council approved a recommendation to award Request for Proposals (RFP) 676-2012 to INIT Innovations in Transportation, Inc. (INIT) for the supply and implementation of a Smart Technology System for Durham Region Transit (DRT). This included:
- Core functionalities for 26 Bus Rapid Transit (BRT) buses, including a central Computer Aided Dispatch / Automatic Vehicle Location system, advanced traveler information capabilities, transit signal priority along Highway 2 and on-board automatic passenger counters.
 - Core functionalities on all DRT conventional buses, including installation of bus stop annunciators, advanced traveler information capabilities, and on-board automatic passenger counters.
 - Supply and implementation of MOBILE-PLAN, to serve as the fixed route scheduling software for all conventional DRT services (including BRT).
 - Advanced traveler information system including real-time information website, mobile website, and Interactive Voice Response (IVR) system.
- 2.2 As per INIT, the expected useful life for vehicle hardware is 10-15 years. DRT's hardware has been in service for 3.5 years.
- 2.3 The End-User Maintenance Agreement with INIT will provide Hardware and Software Maintenance services, assisting in the access, delivery and management of this Intelligent Transportation System. This agreement allows staff to report any failures in the INIT software and hardware components, and in return, be provided a Problem Classification and a defined expectation of categorization, prioritization and response to ensure consistent delivery and availability of INIT Services.
- 2.4 The proposed agreement would have a retroactive start date of July 1, 2018 and would represent the first time maintenance has been initiated on the INIT system.

3. Business Rationale

- 3.1 Under the original service agreement, the existing warranty for software and hardware expired on June 30, 2018. Over the past six months DRT has been in discussions with INIT on the terms of Maintenance Agreement extension coverage and cost, including modification of agreement scope and key clauses. Specifically, DRT has removed extended coverage for vehicle hardware components (for example, data terminal, traffic signal priority, destination/interior sign, passenger counting system, audio system) from the agreement. It is believed that the cost for these components was not warranted at this time and that any repairs will be handled on an as needed basis. INIT has confirmed that DRT continues to have

the option to purchase extended maintenance coverage for these components at a later date.

- 3.2 In the interim, INIT has been providing support maintenance in good faith, but is now pressing for a commitment on the agreement given the duration of support provided.
- 3.3 Not entering into an extended maintenance agreement will result in the loss of access to software support services. It will also present DRT with critical immediate risk to the operational system including the inability to track bus locations, monitor system and schedule performance, support automated on-board announcements and display panels, collect essential operational and financial data, as well as ensure the safety and security of our operators and passengers.
- 3.4 As the INIT system is critical to DRT's daily operation, it is essential that the End-User Maintenance Agreement be in place as soon as possible to ensure a mitigation plan is present in the event of a critical failure to minimize downtime. As noted above, INIT has been providing this support in good faith, however further delays in finalizing the agreement risks INIT withdrawing the support and placing significant risk on the system.
- 3.5 INIT owns the systems, and is the only vendor with the in-depth, proprietary knowledge of the system engineering and architecture to service/repair the technology.
- 3.6 The proposed maintenance extension provided under the End-User Maintenance Agreement not only covers Software Support, but also Central Hardware, including Servers/WLAN Servers, Backup Tape Device, and Wireless Access Points. Failure of these components will require DRT to fix/replace these components and provide resources to the work effort at additional unknown cost and risk. The INIT system is not supported by Corporate Services IT.

4. Financial Implications

- 4.1 INIT, the designer, developer and supplier of the system, is the only vendor with the in-depth knowledge of the proprietary engineering and architecture of the implemented system, able to service/repair the technology. Under the Region's Purchasing By-Law, purchases may be conducted through negotiations where there is only one known source of supply.

4.2 The five-year breakdown of the extended maintenance agreement is:

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Maintenance Category	01-Jul-18 -30-Jun-19	01-Jul-19 30-Jun-20	01-Jul-20 -30-Jun-21	01-Jul-21 -30-Jun-22	01-Jul-22 -30-Jun-23	01-Jul-18 -30-Jun-23
Software	217,341.64	249,018.27	264,162.04	275,711.35	283,306.97	1,289,540.27
Fixed End Hardware (Servers, WLAN Workstations)	31,912.12	32,869.48	33,855.57	34,871.24	35,917.37	169,425.78
Total (CDN\$)	249,253.76	281,887.75	298,017.61	310,582.59	319,224.34	1,458,966.05

NOTES:

- 1) Includes 200,000 SMS messages per month. Overages will be charged at \$0.02 / message.
- 2) All amounts are before taxes.

4.3 INIT is unable to provide time and materials quotes for ad hoc support maintenance, as it is not in their business model. This could mean any system outages, major operational issues or hardware failures, could have major impacts on DRT's system operations and customers, and could bring the system down with either no means to remedy the situation or require repairs at an unknown cost.

4.4 The 2018 costs have been factored into DRT's Hardware-Software Maintenance costs for 2018. The 2019 costs have been included in DRT's 2019 budget submission and costs beyond 2019 are to be considered through the annual Business Planning and Budget process.

5. Conclusion

5.1 This report seeks approval for staff to negotiate an End-User Maintenance Agreement with INIT for a period of five years, with an upside limit of \$1,458,970.

5.2 A similar report was presented to the Transit Executive Committee on January 9, 2019.

Respectfully submitted,

Original Signed by Nancy Taylor

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed by Nancy Taylor

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: The Finance and Administration Committee
From: Commissioner of Finance
Report: [#2019-F-4](#)
Date: January 15, 2019

Subject:

Recommendation to Leverage Ontario Education Collaborative Marketplace (OECM) – Production and Multi-Function Printing Equipment RFP

Recommendations:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the current term of Xerox contract for the print shop equipment managed by the Finance Department as originally established through the Region's RFP-627-2014 be cancelled early effective April 1, 2019 at a cost of approximately \$19,000;
 - B) That the Production and Multi-Function Printing Equipment RFP issued by Ontario Education Collaborative Marketplace (OECM) and awarded through a competitively bid RFP to Xerox, be leveraged to replace the Region's existing Xerox print shop printing equipment Agreement for the provision of updated Xerox equipment for a period of 7 years beginning April 1, 2019 until 2026 at an estimated total cost of \$980,000 to be funded from individual Regional departments' printing budgets; and,
 - C) That the Commissioner of Finance be authorized to execute any applicable agreements.
-

Report:

1. Purpose

- 1.1 This report provides background in support of utilizing a co-operative contract awarded by OECM to supply the Production and Multi-function printing equipment and software used by the Finance Department's print shop, which services all of the Region's departments.

2. Background

- 2.1 OEMC is a Broader Public Sector (BPS), not-for-profit group procurement organization, offering competitively-sourced and priced products and services through collaborative sourcing agreements. OEMC also provides compliance with the BPS Procurement Directive, ensuring a fair, open and transparent procurement process in line with the Region's Purchasing By-Law and voluntary access to Agreements and Contracts for a variety of products and services with no spend or volume commitment.
- 2.2 The current contract for print shop equipment was awarded to Xerox through RFP-627-2014 for the period from 2015 to 2020. This equipment consists of two 80 pages per minute colour machines, two 110 pages per minute monochrome machines, two scanning workstations and print management software. The colour and monochrome machines come equipped with high capacity paper trays, punching, folding and stapling inline finishing equipment. This printing operation provides services to all departments, mainly for forms, booklets, brochures, special reports and special publications.
- 2.3 Xerox provides "Make Ready" software that is integrated with the scanning workstations and allows the printshop employees to build the required jobs for printing. This includes inserting and labelling tabs, combining electronic and hard copies into one job, building brochures, image shifting, page numbering, page resizing and manipulating pages within a document. The other vendors have not been able to demonstrate a comparable software solution that is integrated with their equipment. The employees are also familiar with the operation of this software and the scanning and printing equipment.
- 2.4 The proposed equipment from the Xerox Agreement awarded through the OEMC process are the updated versions of the existing equipment which means that the print quality, the speed has improved, and the finishing options have improved.

3. Financial Implications

- 3.1 The current contract the Region has with Xerox has a quarterly base amount of approximately \$14,000 and a quarterly cost per copy service of approximately \$34,000. This results in an annual cost of approximately \$192,000 based on the current volumes of 5.6 million impressions.
- 3.2 The OEMC pricing offered by Xerox would result in a quarterly base contract amount of approximately \$12,000 and a quarterly cost per copy service of approximately \$23,000. This results in an annual cost of approximately \$140,000 based on the current volumes of 5.6 million impressions.
- 3.3 In order to take advantage of the OEMC Xerox Agreement and Savings, the Region must terminate the Region's existing Agreement early and incur cancellation charges. Given a lead-time for the establishment of the new Agreement and co-ordination of equipment removal and new equipment delivery, a start date of April 1, 2019 would result in cancellation charges of approximately \$19,000, which represents four monthly equipment charges from the remaining

four quarters (as of April 1st, 2019) of the existing contract.

- 3.4 Obtaining Council approval now is required in order for the Region to move forward and implement the new Xerox Agreement for an April 1st start date.
- 3.5 The new contract will result in approximate savings of \$33,000 in year one due to the cancellation charges and approximate annual savings of \$52,000 in the remaining years of the contract
- 3.6 Funding for the ongoing contract payments will be included in the Finance Department's operating budget and funds are recovered as printing is charged back to departments internally.
- 3.7 The Region's By-Law 68-2000 (as Amended), Section 13.0, Cooperative Purchasing establishes the ability to enter into arrangements on a Cooperative basis where there are economic advantages in doing so, provided the method of acquisition and the awarding and reporting process is in accordance with the requirements of the Region's Purchasing By-Law.
- 3.8 Article 8.1.4 of By-Law 68-2000 (as Amended), allows for the extension of an existing contract where the extension would prove more cost effective or beneficial.

4. Conclusion

- 4.1 It is therefore recommended that the Production and Multi-Function Printing Equipment RFP issued by Ontario Education Collaborative Marketplace (OECM) and awarded through a competitively bid RFP to Xerox, be leveraged to replace the Region's existing Xerox print shop Printing Equipment Agreement, allowing for the extended supply by Xerox of updated Xerox equipment and software, in order to improve the printshop capabilities and achieve substantial savings over the extended Agreement term.

Respectfully submitted,

Original Signed by Nancy Taylor

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed by Elaine Baxter-Trahair

Elaine Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: [#2019-F-5](#)
Date: January 15, 2019

Subject:

Amendment to Vehicle Advance and Casual Travel Reimbursement Rates

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That the rates for reimbursement for the use of a personal vehicle while on Regional business be as set out in Attachment #1 to this report, effective January 1, 2019.

Report:

1. Purpose

- 1.1 The purpose of this Report is to update the rates for reimbursement for the use of a personal vehicle while conducting Regional business. The reimbursement rates were last updated in January 2018 (Report #2018-COW-21).

2. Background

- 2.1 The Regional Council approved policy provides for reimbursement when an employee uses a personal vehicle while conducting Regional business.
- 2.2 Employees who are required to travel regularly as part of their job receive a monthly advance payment based on the range of kilometres expected to be driven during the year, with the payment adjusted at year end based on a reconciliation to detailed records of actual kilometres driven for Regional business purposes. Other employees who travel less frequently using a personal vehicle receive reimbursement upon submission of a claim detailing the distance driven.
- 2.3 The reimbursement is based on a rate per kilometre that is considered to be fair and equitable.
- 2.4 The automobile reimbursement rates apply to all employees, appointed individuals and elected officials.

3. Amendment to Vehicle Reimbursement Rates

- 3.1 To ensure that the reimbursement rates are reasonable, it has been Regional practice to keep the vehicle reimbursement rates in line with those approved by the Department of Finance (DOF) Canada for tax purposes.
- 3.2 In late December 2018, the DOF released the automobile reimbursement rates that they consider reasonable. For 2019, the reimbursement rates have been increased by three cents to 58 cents per kilometre for the first 5,000 kilometres driven, and to 52 cents per kilometre for each additional kilometre.
- 3.3 The attached Policy for Reimbursement for Use of a Personal Vehicle has been amended to reflect the increase in rates as announced by the DOF. The monthly advances for all categories and the casual travel rates have been amended to use \$0.58 per kilometre for the first 5,000 kilometres and \$0.52 per kilometre for travel beyond 5,000 kilometres.
- 3.4 The standby rate associated with the use of Regional vehicles will also be increased by two cents to a rate of \$0.28 per kilometre, in accordance with the DOF announcement.
- 3.5 The revised rates would be effective as of January 1, 2019.

4. Conclusion

- 4.1 The revised rates for reimbursement for the use of a personal vehicle while on Regional business can be accommodated within the proposed 2019 budgets for General Purposes, Water Supply and Sanitary Sewer.

5. Attachments

Attachment #1: Policy for Reimbursement for Use of Personal Vehicle

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

REGION OF DURHAM
POLICY FOR REIMBURSEMENT FOR USE OF PERSONAL VEHICLE
2019 RATES (Effective January 1, 2019)

Casual Travel

1. Employees who drive on a casual basis shall be reimbursed for occasional travel using a personal vehicle upon submission of an expense claim detailing the business reason for the travel and distance driven.
2. Reimbursements are calculated at \$0.58 per kilometre for the first 5,000 kilometres and \$0.52 per kilometre for each kilometre traveled beyond 5,000 kilometres.

Monthly Advance System

1. Employees who are required to use their automobile regularly to perform their duties for the Region shall receive a monthly advance payment based on the range of kilometres expected to be driven during the year.
2. The reimbursement rates for categories are as follows:

Category	Annual Kilometre Range	Monthly Advance \$
1	1,000 - 2,000	48.00
2	2,001 - 3,000	97.00
3	3,001 - 5,000	145.00
4	5,001 - 8,000	242.00
5	8,001 - 12,000	372.00
6	12,001 - 16,000	545.00
7	16,001 - 20,000	718.00
8	20,001 - 24,000	892.00
9	24,001 - 28,000	1,065.00
10	28,001 and over	1,238.00

3. Kilometre ranges are for the expected annual travel. Advances are issued for the minimum kilometres in the category range.

4. A year-end reconciliation is required for every employee receiving an advance. The adjustment for additional kilometres travelled or recovery of an overpayment will be completed no later than the end of February of the following calendar year. If an employee terminates employment or is removed from the vehicle advance system during the year, the reconciliation is due at that time.
5. Where no travel records are received, the total amount of the advance will be recovered.
6. Advances will be paid on the second pay period of the month.
7. Reimbursement for use of a personal vehicle is for the kilometres traveled only while on Regional business. Parking costs and other travel expenses are reimbursed separately.

Standby

1. The rate for personal use of a Regional vehicle for travel to/from work and home while on standby shall be \$0.28 per kilometre.
2. No other personal travel using a Regional vehicle is permitted.