DURHAM REGION

The Regional Municipality of Durham

Committee of the Whole Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Wednesday, June 12, 2019 **9:30 AM**

1. Declarations of Interest

2. Statutory Public Meetings

There are no statutory public meetings

3. Delegations

There are no delegations

4. Presentations

4.1 Organics Management Next Steps and Updated Preliminary Business Case (2019-COW-17) [Item 6. F)]

5. Correspondence

6. Reports

7. Confidential Matters

There are no confidential matters to be considered

8. Other Business

9. Adjournment

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The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Works and Commissioner of Finance
Report:	#2019-COW-12
Date:	June 12, 2019

Subject:

Update on Green Bin Organics Processing Negotiations with Miller Waste Systems and Authority to Sole Source the Yard Waste Processing Contract Extension to Miller Waste Systems

Recommendations:

That the Committee of the Whole recommends to Regional Council:

A) That the Regional Municipality of Durham enter into a four-year extension of Contract C002462 with Miller Waste Systems for Leaf and Yard Waste processing, effective July 1, 2019 to extend its term from August 23, 2020 to June 30, 2024 at a four year total cost of approximately $5,938,077,* subject to annual CPI adjustments, to be funded from the annual Solid Waste Management Operating Budget; and

B) That the Commissioner of Finance be authorized to execute all documents related to the contract extensions.

Report:

1. Purpose

1.1 The purpose of this report is to seek Regional Municipality of Durham (Region) Council authority to amend and extend Contract C002462, for Leaf and Yard Waste (L&YW) processing for an additional four-year term, ending June 30, 2024 to achieve overall savings based on negotiations with Miller Waste Systems (Miller) for the next five years. Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Background

2.1 Regional Contract C001834 for the receiving and processing of Green Bin Organics (Source Separated Organics or SSO) and the City of Pickering and Town of Ajax's leaf and yard waste expires in June 30, 2019.

2.2 Under this contract, Miller processes the Region's SSO and some L&YW at Miller's in-vessel composting facility located at 1220 Squires Beach Road, in the City of Pickering. The contract was extended, following approval of Report #2016-WR-3, for a three-year period commencing July 1, 2016 and ending on June 30, 2019.

2.3 Miller processes the balance of the Region's L&YW under Contract C002462 which expires August 23, 2020. On November 14, 2018, Regional staff issued Request for Pre-Qualification #1095-2018 (RFPQ# 1095-2018) in preparation for a replacement for Contract C001834 (SSO processing) to commence July 1, 2019. Miller was the only bidder.

2.4 Based on only one compliant bidder, Regional Council authorized staff to enter into sole source negotiations with Miller (Report #2019-COW-3, the 2019 Solid Waste Management Servicing and Finance Study) and to execute a new contract, with up to a five-year term, until the Region finalizes its long-term organics management strategy. This report summarizes the outcome of staff's negotiations with Miller based on pricing options provided by Miller under N-477-2019.

3. SSO Processing Options

3.1 Option 1 is an unqualified bid price and an estimated total of $5,660,361*, representing an increase of $541,385* in the first contract year for processing the Region's SSO and L&YW processing only, as required under RFPQ# 1095-2018.

3.2 Option 2 is a qualified bid that includes a more competitive total cost of $4,751,317* for processing SSO under contract C001834 with a reduced rate for composting all the Region's L&YW, under the existing contract (C002462), resulting in combined savings of approximately $476,200* in the first contract year. This option requires the Region to enter into the recommended four-year extension to contract C002462 for the composting of the Region's L&YW in addition to the five-year extension to contract C001834 for the processing of SSO.

3.3 The risks and benefits to the Region of each of Miller's pricing options are discussed below.

4. Analysis of Options

4.1 Miller's proposals highlight the significant interdependency between contracts C002462 (L&YW composting) and C001834 (SSO processing). Miller requires L&YW as carbon additive to successfully compost SSO and currently uses an estimated 6,648 tonnes of the Region's L&YW each year for SSO processing. The final curing of the SSO compost occurs in Clarington at which stage the balance of Region's L&YW is incorporated to meet Ontario's strict category 'AA' compost.

4.2 Option 1, considering SSO and L&Y waste processing represents an estimated $541,385* per year cost increase ($2,165,539* over four years). This option does not include any guarantees for L&YW composting operations or costing beyond the current end date for contract C002462 (L&YW composting) of August 23, 2020. The market is limited, leaving the Region vulnerable. Miller has highlighted its price justification based on the operational requirement that L&YW is utilized as a carbon source and is essential to process the Region's SSO at its Pickering composting facility. Without the L&YW, Miller will have to transport the SSO out of the Region, as far as London, for processing at one of its partners.

4.3 While Option 2 is an increase to the current SSO processing rate it provides a reduced processing rate for the entirety of the Region's L&YW, including the L&YW tonnage that was previously processed at the SSO processing facility at a substantially higher SSO processing rate.

4.4 While Option 2 provides a reduced processing rate for all the Region's L&YW, this pricing is contingent on the Region extending contract C002462 (L&YW composting), ending on August 23, 2020, for an additional four years to match the new end date for contract C001834 (SSO processing).

4.5 Under Option 2, Miller agrees to continue processing the Region's SSO and L&YW, with no change to the scope of work, for the next five years, with a reduction in annual costs of approximately $476,200*.

4.6 Staff recommends Option 2 because it provides the Region with cost savings and operational security for both SSO and L&Y Waste processing during the time required for the Region to finalize its long-term organics management strategy.

5. Financial Implications

5.1 Section 8.1.4 of the Region's Purchasing By-law (Amended) permits negotiations for services where the extension of an existing contract would prove more cost effective or beneficial Council approval is required to award negotiated contracts where the annual value is greater than $125,000.

5.2 The Region currently spends approximately $6,712,037* annually to compost SSO and L&YW. The financial implications of Miller's proposals for work arising from N-477-2019 are estimated in Table 1 (Attachment #1).

5.3 As noted in Attachment #1, Miller's first pricing option represents an estimated cost of $7,253,421* per year for SSO and L&YW processing combined, or a cost increase of approximately $541,385* per annum compared to status quo costs.

5.4 Miller's second option includes amending contract C002462 to reduce the composting rate for L&YW and extending the term by approximately four years to June 30, 2024. This recommended option, including SSO and L&YW composting, will result in a net annual cost reduction of approximately $476,200* annually to the Region compared to current system costs for SSO and L&YW processing.

5.5 If approved, the recommended annual costs will be included in the annual Solid Waste Management Operating Budget.

6. Conclusion

6.1 Staff recommends entering into a four-year extension of Contract C002462 with Miller for L&YW processing, effective July 1, 2019 to extend its term from July 1, 2020 to June 30, 2024 at a combined four year cost of approximately $5,938,077,* for L&YW processing subject to annual CPI adjustments.

6.2 For additional information, please contact Craig Bartlett, Manager, Waste Operations, at 905-668-7711 ext. 3561.

7. Attachments

Attachment #1: Table 1: N-477-2019 Miller Pricing Cost Comparisons

Respectfully submitted,

Original signed by John Presta for:

Susan Siopis, P.Eng.
Commissioner of Works

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

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Attachment #1 to Report #2019-COW-12

Table 1 - Miller Interim Organics Processing Options versus Status Quo: Green Bin (SSO) and Leaf and Yard Wastes (L&Y)

Options	Description	Green Bin Total ($)	L&YW Total ($)	ANNUAL TOTAL	Difference ($)	Difference (%)
Current (C001834) (C002462)	Processing of SSO (with 6,648 T of L&Y waste)	5,583,198	1,128,839	$ 6,712,037	N/A	N/A
1	Processing of SSO (without any L&Y waste)	5,660,361	1,593,060	$ 7,253,421	$ 541,385	8%
2	Processing of SSO with 6,648 T of L&Y waste (1)	4,751,317	1,484,519	$ 6,235,836	$ (476,200)	-7%

NOTES:

1 Regional pricing and tonnages are based on 2019 Budget and exclude WMF L&Y waste tonnes
The 6,648 tonnes of L&Y processed at the SSO processing facility will be charged at the lower L&Y waste rate.

2 Option 2 is conditional on extending contrect C002462 for an additional 4 years to match the contract CO1834 term
A proportion of leaf & yard waste is used as carbon additive in the compost processing process

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2463

The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Finance and Commissioner of Social Services
Report:	#2019-COW-13
Date:	June 12, 2019

Subject:

Region of Durham's Investment Plan for the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Programs

Recommendations:

That the Committee of the Whole recommends to Regional Council that:

A) Further to the correspondence from the Ministry of Municipal Affairs and Housing (MMAH) (Attachment #1), the Regional Chair and Regional Clerk be authorized to execute the Ontario Transfer Payment Agreement with the MMAH in order for the Region of Durham to participate in the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Programs and secure available 100 per cent Federal and Provincial funding in the total amount of $11,822,854 ($5,071,593 in 2019-20; (confirmed); $2,643,030 in 2020-21; (planned); $4,108,231 in 2021-22) (planned));

B) The proposed Investment Plan (Attachment #2), as required by the Province, outlining the following allocations for the available Federal and Provincial funding for the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Programs over the three-year Provincial funding period be approved and forwarded to the MMAH:

Proposed Federal and Provincial Funding Allocations for the Region of Durham's Investment Plan

		Component	Year 1 2019-2020 Confirmed Allocation ($)	Year 2 2020-2021 Planning Allocation ($)	Year 3 2021-2022 Planning Allocation ($)	Total ($)
(i)	COCHI Capital	Repair	525,393	287,730	441,531	1,254,654
		COCHI Subtotal	**525,393**	**287,730**	**441,531**	**1,254,654**
(ii)	OPHI Capital	Home Repair	4,318,890	0	0	4,318,890
(iii)	OPHI Capital	Home Ownership	0	100,000	0	100,000
(iv)	OPHI Capital	Rental	0	2,137,535	3,483,365	5,620,900
		OPHI Subtotal	**4,318,890**	**2,237,535**	**3,483,365**	**10,039,790**
(iv)		Administration	227,310	117,765	183,335	528,410
		TOTAL	**5,071,593**	**2,643,030**	**4,108,231**	**11,822,854**

C) In order to address the need for urgent capital repairs and to support non-profit Community Housing, it is recommended that COCHI/OPHI Year 1 funding, as outlined in the Investment Plan, be directed to priority repairs of Community Housing projects, with the following specific actions:

a) Upon execution of the Ontario Transfer Payment Agreement for COCHI/OPHI, regional staff be authorized to submit a Project Information Form (PIF) to MMAH for selected repair projects;

b) Prior to the distribution of funds to housing providers, the Regional Chair and Regional Clerk be authorized to enter into a contribution agreement with each housing provider in order to access funding and establish legal obligations and reporting requirements for the project, as required under the COCHI/OPHI Program Guidelines;

c) To ensure all program funding is fully utilized, the Commissioner of Finance be authorized to reallocate underspent project specific funding to alternate projects that can utilize the funding within the program deadlines;

d) The housing providers receiving funding be required to segregate this funding to ensure reporting and accountability in a manner satisfactory to the Commissioner of Finance; and

e) Regional staff be authorized to obtain additional professional consulting services in an amount not to exceed $75,000 in order to monitor capital repair projects, with financing provided from the administration allocation;

D) The Regional Chair and Regional Clerk be authorized to enter into an amending agreement with Habitat for Humanity Durham for the shared administration of the Home Ownership Component of the Ontario Priorities Housing Initiative (OPHI) year 2 funding allocation and with eligible purchasers for down payment assistance of up to $25,000 per household for four units to a maximum of $100,000, in a manner consistent with the funds made available to the previous homeowners under the Investment in Affordable Housing (IAH) and Social Infrastructure Fund (SIF) programs;

E) In order to address the lack of affordable rental supply in Durham, the Ontario Priorities Housing Initiative funding be made available for rental construction across the program period as below:

OPHI Rental Housing Funding Distribution
Region of Durham

	Year 1	Year 2	Year 3	Total
Funding Allocation	0	$ 2,137,535	$ 3,483,365	$ 5,620,900
# of Potential Units	0	12 to 17	18 to 25	30 to 42

F) Staff be authorized to issue a Request for Proposal (RFP), upon confirmation of funding from MMAH, for the purpose of soliciting rental housing project proposals for a total value not to exceed the annual amount available under the COCHI/OPHI Investment Plan, under the terms and conditions of the Rental Housing Component of the Ontario Priorities Housing Initiative (OPHI), with recommended rental housing projects being brought forward for Regional Council endorsement; and,

G) Given the administration involved to deliver OPHI programs, both within funding years and to ensure compliance over the program’s affordability periods, it is recommended that 5% of the Region’s OPHI allocation be leveraged to offset program administrative costs and that, to maintain the 2018-2019 baseline federal funding no administration costs be leveraged against the Region’s COCHI allocation.

Report:

1. Purpose

1.1 The purpose of this report is to secure an allocation of $11.8 million of 100 per cent Federal and Provincial funding to support affordable and Community Housing in Durham Region by way of:

A) Obtaining approval to enter into a Transfer Payment Agreement with the Ministry of Municipal Affairs and Housing, and
B) Approving an Investment Plan that supports both At Home in Durham, The Durham Region Housing Plan 2014-2024 and the recommendations of the Affordable and Seniors' Housing Task Force.

2. Background

2.1 On April 17, 2019 the Ministry of Municipal Affairs and Housing (MMAH) announced two new programs under the Community Housing Renewal Strategy. These programs are being launched in 2019-2020 and leverage federal investments under the bilateral agreement between the MMAH and Canada Mortgage and Housing Corporation:

A) Canada-Ontario Community Housing Initiative (COCHI) provides funding to replace the federal Social Housing Agreement (SHA) funding that expires each year beginning in 2019-2020. Total federal funding under this program is $33.2 million in 2019-2020, $81 million in 2020-2021 and $112.1 million in 2021-22. COCHI funding is to be used solely in social housing and community housing. This funding can be allocated to operating and capital components.

- Operating Component
  (a) Rent Supplements (short term)
  (b) Transitional Operating Funding (asset management planning, building condition audits, acquisitions/mergers, etc.)

- Capital Component
  (a) Repairs including replacing/repairing core building systems and subsystems (heating/cooling, roof, water, structural, etc.) as well as carrying out health and safety repairs.

B) Ontario Priorities Housing Initiative (OPHI) is modelled after similar, previous affordable housing programs, with the most recent being the Investment in Affordable Housing Program Extension (IAH-E). Total federal and provincial funding under this program is $123.3 million in 2019-2020, $65 million in 2020-2021 and $99.9 million in 2021-2022. This funding can also be allocated to operating and capital components.

- Operating Component
  (a) Rental Assistance -Time limited subsidies either paid to a landlord on behalf of a qualifying household (Rent Supplement) or paid directly to a qualified tenant to improve affordability conditions in their current market household (Housing Allowance). Unlike previous affordable housing programs this funding must be disbursed in the year allocated and therefore offers very short-term security of tenancy.

- Capital Component
  (a) Rental Housing – Capital funding for new construction, acquisition and/or rehabilitation, or conversion of non-residential to purpose built rental.
  (b) Home Ownership - Down payment assistance to low income renter households either through direct payment to eligible purchasers or through the transfer of assistance through construction loans to non-profit affordable home ownership providers.
  (c) Ontario Renovates - Forgivable loan to provide financial assistance to renovate and/or rehabilitate affordable ownership and rental properties, <u>including community housing</u>. Funding under Ontario Renovates for Community Housing Providers will be administered under the same program requirements as the COCHI capital repair component.

2.2 On April 17, 2019, the Region was advised that it has been provisionally allocated a total of $11,822,854 in 100 per cent Federal and Provincial funding to address an array of housing needs in the community for the period of April 1, 2019 to March 31, 2022 (refer to attachment #1). The funding includes a confirmed allocation of $5,071,593 in 2019-20 and planned allocations of $2,643,030 in 2020-2 and $4,108,231 in 2021-22.

2.3 This report provides a detailed investment strategy for the COCHI/OPHI program funds for Years 1 to 3 and seeks Regional Council authority to enter into the necessary administrative agreements to achieve the anticipated program outcomes that are consistent with At Home in Durham, The Durham Region Housing Plan 2014-2024.

3. COCHI/OPHI Transfer Payment Agreement

3.1 In order to access funding, an Ontario Transfer Payment Agreement for COCHI/OPHI (TPA) between the Region and the Ministry of Municipal Affairs and Housing (MMAH) must be executed. The TPA contains an accountability framework between the province and Region and outlines the roles and responsibilities of the Region including financial provisions, eligibility criteria, indemnification and repayment provisions, risk management protocols for projects facing difficulties, reporting and other accountability provisions and other requirements (e.g. French Language Services).

3.2 The TPA must be submitted to the Ministry, along with the Investment Plan, by September 15, 2019.

3.3 It is recommended that the Regional Chair and Regional Clerk be authorized to execute the Ontario Transfer Payment Agreement with the Ministry of Municipal Affairs and Housing in order for the Region of Durham to participate in the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) and secure available 100 per cent Federal and Provincial funding in the total amount of $11,822,854 ($5,071,593 in 2019-20 (confirmed); $2,643,030 in 2020-21 (planned); $4,108,231 in 2021-22 (planned)).

4. Investment Plan

4.1 The Investment Plan outlines how annual COCHI and OPHI funding allocations will be used over the first three-year funding period (2019-20 to 2021-22). The Investment Plan must be approved by Regional Council.

4.2 The program allocation being recommended by staff is based on experience with previous initiatives, as well as outcomes set out in At Home in Durham, The Durham Region Housing Plan 2014-2024 and recommendations of the Affordable and Seniors' Housing Task Force contained in Championing Affordable Rental and Seniors' Housing Across Durham Region.

4.3 COCHI/OPHI Operating Components

A) Experience with previous initiatives has highlighted that rental assistance programs are an ineffective means of addressing need when delivered on a short-term, time limited basis. Without committed funding that provides households with the time to stabilize, housing instability returns when the rental assistance ends.

B) Due to the extremely short funding commitment under these programs and the requirement to disburse all annual funding in the year allocated, it is not recommended that COCHI/OPHI funding be allocated to rental assistance programs under the Operating Component.

4.4 COCHI/OPHI Capital Components

A) Since 2005, the Region has successfully leveraged more than $30 million in funding to repair, renovate and improve energy efficiency for community housing stock under various federal/provincial programs, to increase rental supply by construction of 547 new affordable rental units and assist 12 families purchase homes with down payment assistance.

B) The Region has not participated in the Ontario Renovates program given the significant technical and administrative oversight that would have been required for what was a temporary program.

C) However, under OPHI, the Ontario Renovates program has been expanded to allow for the renovation/repair of community housing to be delivered under

COCHI guidelines. With the most recent building condition assessments indicating repair needs in the order of $200 million, the inclusion of community housing under Ontario Renovates is welcome.

D) To continue efforts to preserve the existing housing stock and increase the number of affordable housing units in Durham, it is recommended that COCHI/OPHI Capital funds be allocated in a similar manner as previous funding programs to affordable home ownership, new rental construction and social housing repairs/renovations.

4.5 **It is recommended that the proposed Investment Plan (Attachment #2), as required by the Province, outlining the allocations for the available Federal and Provincial funding for the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Programs over the three-year funding period be approved and forwarded to the MMAH.**

4.6 A summary of the proposed Investment Plan is provided below:

Table 1
Proposed Federal and Provincial Funding Allocations for the Region of Durham's Investment Plan

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		COCHI Subtotal	**525,393**	**287,730**	**441,531**	**1,254,654**
(ii)	OPHI Capital	Home Repair	4,318,890	0	0	4,318,890
(iii)	OPHI Capital	Home Ownership	0	100,000	0	100,000
(iv)	OPHI Capital	Rental	0	2,137,535	3,483,365	5,620,900
		OPHI Subtotal	**4,318,890**	**2,237,535**	**3,483,365**	**10,039,790**
(iv)		Administration	227,310	117,765	183,335	528,410

		TOTAL	**5,071,593**	**2,643,030**	**4,108,231**	**11,822,854**

5. Home Repair Component

5.1 Repairs and upgrades to social housing are eligible under both the COCHI Repair Component and the OPHI Ontario Renovates Component. Repairs under Ontario Renovates complements COCHI capital funding and follow the same program guidelines as COCHI.

5.2 Capital repair funding is provided in the form of a forgivable loan to the housing provider over a ten-year affordability period, including a minimum of five (5) years during which it will operate as social housing under the Housing Services Act. This requirement applies regardless of an operating agreement or mortgage obligations or agreements between a Service Manger and eligible housing provider.

5.3 Affordable is defined in the TPA as units rented at the low end of market rent as determined by the Service Manager.

5.4 The Service Manager is responsible for selecting and approving all eligible projects, monitoring progress and completion of projects, quality of work, advancement of funds and annual confirmation of the affordability requirement.

5.5 Based on experience delivering similar projects staff will send an expression of interest to eligible Community Housing providers to review their most critical capital needs against program eligibility criteria and submit eligible projects to the Region, with supporting documentation, for staff to evaluate.

5.6 Regional staff will evaluate each project in order to determine compliance with program criteria and repair priorities (for example, emergency repairs) and rank the projects to be funded under the program.

5.7 In conjunction with the approval of each project, the Region is required to enter into a Project Funding Agreement with each eligible housing provider in respect of the approved project(s).

5.8 In order to address the need for urgent capital repairs and to support non-profit Community Housing, it is recommended that COCHI/OPHI Year 1 funding, as outlined in the Investment Plan, be directed to priority repairs of Community Housing projects, with the following specific actions:

A) Upon execution of the Ontario Transfer Payment Agreement for COCHI/OPHI, regional staff be authorized to select repair projects and submit a Project Information Form (PIF) to MMAH;

B) Prior to the distribution of funds to housing providers, the Regional Chair and Regional Clerk be authorized to enter into contribution agreements with the selected housing providers in order to access funding and establish legal obligations and reporting requirements for the project, as required under the COCHI/OPHI Program Guidelines;

C) To ensure all program funding is fully utilized, the Commissioner of Finance be authorized to reallocate underspent project specific funding to alternate projects that can utilize the funding within the program deadlines;

D) The housing providers receiving funding be required to segregate this funding to ensure reporting and accountability in a manner satisfactory to the Commissioner of Finance; and

E) Regional staff be authorized to obtain professional consulting services in an amount not to exceed $75,000 in order to monitor capital repair projects, with financing provided from the administration allocation.

6. Home Ownership Component

6.1 In 2012, Regional Council endorsed Habitat for Humanity Durham (HHD) as the delivery agent for the Home Ownership component of the IAH program with funding to be made available to 24 eligible purchasers of the Habitat for Humanity Durham (HHD)'s Centre Towne development at Centre Street South in Oshawa (ref#2012-J-23).

6.2 To allow the agency to better manage its construction cash flow, the Region has deferred Regional fees and charges (including connection fees/charges and development charges) until each unit is ready for occupancy. An existing 2012 Service Agreement with the Region allows for the postponement of Regional connection fees and charges until the purchase and sale for all units in the HHD Centre Towne development project.

6.3 As shown in the following table, $298,000 has been provided to date to the first fourteen homeowners at the HHD Centre Towne development. While development was initially expected to be completed by 2016, HHD has experienced several delays. HHD anticipates that four more homes will be ready for occupancy in 2020. An allocation from the OPHI Year 2 funding in the amount of $100,000 will be available for homeowner down payment assistance. The remaining six homes are expected to be developed in future years.

Table 2
IAH/IAH-E/SIF/OPHI Home Ownership Assistance
Region of Durham

	IAH Yr 2 2012/2013	IAH Yr 3 2013/2014	IAH-E Yr 4 2015/2016	SIF Yr 3 2018/2019	OPHI Yr 2 2020/2021	Total
Funding Allocation	$ 66,000	$ 88,000	$ 44,000	$100,000	$100,000	$398,000
# of Homeowners	4	4	2	4	4	18
Per unit allocation	$ 16,500	$ 22,000	$ 22,000	$ 25,000	$ 25,000	

6.4 The amount of down payment assistance, in the form of a forgivable loan, for each eligible purchaser cannot exceed $50,000. Given that the amount of down payment assistance had been increased to $25,000 per unit under the previous SIF program, maintaining this level of funding is recommended.

6.5 **It is recommended that the Regional Chair and Regional Clerk be authorized to enter into an amending agreement with Habitat for Humanity Durham for the shared administration of the Home Ownership Component of the Ontario Priorities Housing Initiative (OPHI) year 2 funding allocation and with eligible purchasers for down payment assistance of up to $25,000 per household for four units to a maximum of $100,000, in a manner consistent with the funds made available to the previous homeowners under the Investment in Affordable Housing (IAH) and Social Infrastructure Fund (SIF) programs.**

7. Rental Housing Component

7.1 Consistent with previous IAH and SIF program guidelines, projects under the Rental Housing Component of the Ontario Priorities Housing Initiative (OPHI) can be:

- New construction, including additions and extensions
- Acquisition and, where required, rehabilitation of existing residential buildings to maintain or increase the affordable rental housing stock, and
- Conversion of non-residential buildings or units to purpose-built rental buildings/units

7.2 Projects that are not eligible vary from the previous SIF program and include:

- Projects proposed by private sector proponents without non-profit/municipal/co-operative partners (new restriction)
- Secondary suites in owner-occupied housing
- Nursing and retirement homes
- Shelters and crisis care facilities
- Owner-occupied housing, and
- Student residences

7.3 OPHI rental funds can represent a maximum of 75 per cent of the pro-rated share of the capital costs of the affordable units. To not discourage the development of family-sized units there is no per unit funding limit as there was under previous rental programs.

7.4 Units must be modest in size and amenities relative to other housing in the community and up to 30 per cent of the total available space may be used for non-residential purposes, including common areas and services used directly with the residential accommodation such as office space for support service providers.

7.5 Funding for the Rental Housing Component is provided as a forgivable capital loan (over the 20-year period following occupancy) that is available during the development and construction phase of the project. The Province will advance funding to Service Managers for approved projects in three installments:

- 50 per cent at signing of the Contribution Agreement and confirmation of registration of security (confirmation of project "start" is no longer required)
- 40 per cent at confirmation of structural framing
- 10 per cent at confirmation of occupancy, submission of Initial Occupancy Report and submission of an updated capital cost statement in a form acceptable to the Ministry.

7.6 Agreements with approved proponents must be committed by December 31st in the year in with the funds are being made available or the funds will be reallocated to other Service Managers.

7.7 All final payments are required to be made within four years of signing the Contribution Agreement, and no later than March 31, 2026.

7.8 In order to address the lack of affordable rental supply in Durham, it is recommended that OPHI funding be made available for rental construction across the program period as follows:

Table 3
OPHI Rental Housing Funding Distribution
Region of Durham

	Year 1	Year 2	Year 3	Total
Funding Allocation	0	$ 2,137,535	$ 3,483,365	$ 5,620,900
# of Potential Units	0	12 to 17	18 to 25	30 to 42

7.9 The development of new affordable housing in Durham is supported by both At Home in Durham, the Durham Region Housing Plan 2014-2024 and the recommendations of the Affordable and Seniors' Housing Task Force as identified in Championing Affordable Rental and Seniors' Housing Across Durham Region. The proposed allocation would ensure that over 50 per cent of available OPHI funding is used to support the development of approximately 30 to 42 new affordable rental units.

7.10 Service Managers are required to solicit proposals and select Rental Housing Projects to recommend to the Ministry for funding approval. Service Managers must ensure that a project is financially viable from a construction cost and ongoing operating context. The Ministry, at its discretion, may require an independent analysis to confirm recommended project financing.

7.11 Partnerships between developers and support service agencies to target a portion of the units to qualified applicants who receive support from provincially funded agencies will be strongly encouraged.

7.12 A cross-departmental evaluation team will be established to review responses to the Region's Request for Proposals, with the results of the RFP brought forward to Regional Council for endorsement and submission to MMAH for approval.

7.13 Recommended projects are subject to review by the Council of the applicable Area Municipality in order to ascertain the availability of any local incentives and the suitability of the proposal.

7.14 It is therefore recommended that staff be authorized to issue a Request for Proposal (RFP), upon confirmation of funding from MMAH, for the purpose of soliciting rental housing project proposals for a total value not to exceed the annual amount available under the COCHI/OPHI Investment Plan, under the terms and conditions of the Rental Housing Component of the Ontario Priorities Housing Initiative (OPHI), with recommended rental housing projects being brought forward for Regional Council endorsement.

8. Financial Implications

8.1 Up to 5% of the annual COCHI/OPHI funding can be used to offset administration costs. However, this does not fully fund the administration involved to deliver the program and ensure compliance of recipients over the life of the program. This means that administration will have to be undertaken within the Region's existing administrative resources.

8.2 Given the administration involved to deliver OPHI programs, both within funding years and to ensure compliance over the program's affordability periods, it is recommended that 5% of the Region's OPHI allocation be leveraged to offset program administrative costs and that, to maintain the 2018-2019 baseline federal funding no administration costs be leveraged against the Region's COCHI allocation.

8.3 The required municipal financial contribution for the allocation of units under the new Rental Housing Component under OPHI must include a plan for ensuring municipal property taxes are equivalent to the single residential rate for approved projects with less than seven units over the twenty-year affordability period. Once eligible project(s) have been approved by the Province, financial implications can be determined regarding the municipal property tax incentive. It is therefore recommended that municipal property taxes be equivalent to the single residential rate for approved projects with less than seven units over the twenty-year affordability period.

9. Conclusion

9.1 The federal and provincial governments have recently announced significant investments of $514.5 million for housing related initiatives for the period 2019 to 2022.

9.2 In order to secure an allocation of $11.8 million of 100 percent Federal and Provincial funding, the Region of Durham must submit a signed Transfer Payment Agreement and Investment Plan by September 15, 2019. The Plan attached to this report sets out the framework for the implementation of the funding strategy for the Region.

9.3 The proposed Investment Plan supports the development of approximately 30 to 42 units of new rental housing to address the lack of affordable rental units in Durham for low-and moderate-income households, including seniors. In addition, the recommended allocation of $5,573,544 in Repair funding will assist in addressing the urgent capital repair needs of community housing providers. Lastly, the allocation of funding for 4 additional units through HHD continues the Region’s commitment to this important partnership and provides home ownership opportunities to low- and moderate-income families.

9.4 Regional staff will develop the necessary detained business processes, agreement and accountability mechanisms necessary to ensure these important public investments are well utilized.

10. Attachments

Attachment #1: MMAH funding allocation letter dated April 17, 2019

Attachment #2: COCHI/OPHI Investment Plan

Respectfully submitted,

Original signed by:

Nancy Taylor BBA, CPA, CA
Commissioner of Finance

Original signed by:

Dr. Hugh Drouin
Commissioner of Social Services

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer

Ministry of Municipal Affairs and Housing

Office of the Minister

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Ministère des Affaires municipales et du Logement

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Ontario

April 17, 2019

Mr. John Henry
Regional Chair and CEO
Regional Municipality of Durham
605 Rossland Road East, P.O. Box 623
Whitby ON L1N 6A3

Dear Regional Chair and CEO ~~Henry~~: John

Our government for the people understands the importance of housing that is affordable, adequate and accessible, and that meets the needs of Ontario's diverse communities and populations. Despite the significant budget challenges our government faces, I am pleased that we will support critical continued housing investments and leverage federal funding under the National Housing Strategy through new provincial investments. I am writing to you today to outline funding for housing and homelessness programs as confirmed through the 2019 Ontario Budget.

My Ministry will be providing over $1 billion in transfer payments for housing and homelessness programs in 2019-20, inclusive of federal transfers. As we work to address the province's fiscal circumstances, total transfers will decrease slightly in 2020-21 to just under $1 billion and will return in 2021-22 to just over $1 billion, subject to future multi-year budget decisions. This funding envelope enables us to maintain commitments to existing programs and use a flexible approach to cost-match funds for the National Housing Strategy over a multi-year period. The vast majority of these transfer payment programs flow through Service Managers.

This letter provides further program-by-program information and your specific allocations are detailed in an attachment.

Ongoing Programs

The **Investment in Affordable Housing for Ontario (2014 Extension)** program has successfully helped communities to build affordable rental housing, make home ownership attainable for lower-income Ontarians and offer funding for much-needed repairs. Federal funding under this program concluded in 2018-19. Our government is committing $80.1 million in 2019-20 to complete the cost-matching requirements under this program. I am pleased to confirm your funding allocation for this final year of program funding, consistent with the previously communicated planning allocation.

To support communities across Ontario in their efforts to prevent and address homelessness, the **Community Homelessness Prevention Initiative (CHPI)** provides a flexible, outcomes-based, and accountable approach to funding. Despite the significant fiscal challenges this government faces, I am pleased we are able to maintain this critical funding in 2019-20 at the 2018-19 level of $323.7 million and to increase funding to a new base of $338.7 million beginning in 2020-21.

New Programs

Today I announced our government's Community Housing Renewal Strategy – a multi-year plan to sustain and grow our community housing system. Two new programs are being launched in 2019-20 to support this Strategy, leveraging federal investments under the bilateral agreement between the Ministry of Municipal Affairs and Housing and Canada Mortgage and Housing Corporation.

The **Canada-Ontario Community Housing Initiative** (COCHI) will provide funding to replace the federal Social Housing Agreement funding that expires each year, beginning 2019-20. Total federal funding under this program is $33.2 million in the current year, $81.0 million in 2020-21 and $112.1 million in 2021-22.

The federal government has acknowledged that their funding for social housing has declined over time and through their funding of the Canada-Ontario Community Housing Initiative federal social housing investments will be maintained at about the 2018-19 levels. Over the period that federal expenditures have been declining, municipal expenditures on social housing have been growing. As allowed under the bilateral agreement, current municipal spending on social housing will be used to count as the cost-matching required under this program.

This funding can be used to repair, regenerate and expand community housing and to protect affordability support for tenants. It can be used to support community housing providers whose original program arrangements are expiring and help them to become more sustainable. Service Managers will be given significant flexibility to determine priorities locally, in consultation with their housing providers. In addition, consistent with the bilateral agreement, Service Managers will be required to give priority to Indigenous providers under the Urban Native Housing program who have expiring operating agreements, where these exist.

Your allocation amounts are equivalent to the amount of funding you are losing under the Social Housing Agreement each year.

Note that in addition to allocations to Service Managers, Canada-Ontario Community Housing Initiative funding is also being made available to support other housing providers who have received legacy Social Housing Agreement funding through provincial ministries, such as supportive housing providers.

The **Ontario Priorities Housing Initiative** will also launch in 2019-20, providing flexible funding to all 47 Service Managers and the two Indigenous Program Administrators to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports and affordable homeownership. The design of this program will build on our joint success in the delivery of the Investment in Affordable Housing Program.

Our government is committed to fully cost-match this program. Total federal and provincial funding of $123.3 million in 2019-20, $65 million in 2020-21 and $99.9 million in 2021-22 will be available to allocate under the program. Provincial spending of $34.7 million from existing programs across 2018-19 and 2019-20 will be counted towards the cost-matching requirement.

Canada-Ontario Housing Benefit

The province plans to begin negotiations with the Canada Mortgage and Housing Corporation shortly to finalize the program design and amend the bilateral agreement for the **Canada-Ontario Housing Benefit.** This will allow housing benefits to begin flowing to Ontario households beginning April 2020, when federal funding becomes available.

In the meantime, the province will continue to provide portable housing benefits to **Survivors of Domestic Violence and Human Trafficking** who are eligible under the Special Priority Policy and who choose to take a portable housing benefit as an alternative to waiting for a rent-geared-to-income unit to become available. This critical program is available province-wide and provides benefits that are portable across the province, enabling recipients to make the housing choices that are best for them. $10 million is available for this program in 2019-20.

Once the Canada-Ontario Housing Benefit becomes available, we plan to continue to support these households – as well as others – through the new benefit program.

Next Steps

Additional details concerning these initiatives, including Program Guidelines and a draft Transfer Payment Agreement for new programs, will be shared with your staff in the coming days.

I am pleased that our government for the people is able to continue to support the important work that you do to improve housing outcomes in your community, while we also work to improve Ontario's overall fiscal situation. I look forward to continuing our work together.

Yours truly,

The Honourable Steve Clark
Minister of Municipal Affairs and Housing

c. Ms. Elaine Baxter-Trahair, Chief Administrative Officer, Regional Municipality of Durham
Mr. Alan Robins, Director, Housing Services, Regional Municipality of Durham

APPENDIX – FUNDING ALLOCATIONS

Regional Municipality of Durham

Program	2019-20 Confirmed Allocation	2020-21 Planning Allocation	2021-22 Planning Allocation
Investment in Affordable Housing for Ontario (2014 Extension)	$2,663,000	N/A	N/A
Community Homelessness Prevention Initiative	$8,010,644	$9,066,779	$9,066,779
Canada-Ontario Community Housing Initiative	$525,393	$287,730	$441,531
Ontario Priorities Housing Initiative	$4,546,200	$2,355,300	$3,666,700

Attachment #2

SCHEDULE H
INVESTMENT PLAN

Instructions for completing the Investment Plan:

The Investment Plan is comprised of four sections:

1) Proposed Plan for COCHI and OPHI Investments

2) COCHI and OPHI Annual Take-Up (Planned Financial Commitments by Year)

3) COCHI and OPHI Projected Take-Up (Target Group/s and Units/Households)

4) 2019-20 COCHI-OPHI Planned Quarterly Financial Commitment

. The Investment Plan outlines each Service Manager's planned financial commitments and projected take-up for their COCHI and OPHI annual planning allocations for Years 1 to 3.

. Indicate the program components that will be delivered and provide a rationale for the selection, including a description of how the funding will be used to address the long-term sustainability of the community housing sector and respond to needs outlined in the Service Manager's Housing and Homelessness plans.

. The Investment Plan must be Council or delegated authority-approved. The Ministry will review the Investment Plans to ensure consistency with the Bilateral Agreement and Program Guidelines.

Service Manager	Regional Municipality of Durham
SM Contact Name	Alan Robins, Director, Housing Services
Date of SM Approval	26-Jun-19
Date Submitted to MMAH	

Proposed Plan for COCHI and OPHI Investments

This section is for you to describe how you intend to use your COCHI and OPHI funding allocation to address the housing needs of your community. The proposed program delivery plan should align with your Housing and Homelessness Plan and the Province's Community Housing Renewal Strategy. Please respond to the following questions in the space provided below.

1. What are the current and projected housing needs in your community? Please make direct reference (including page references) to your Housing and Homelessness Plan.

At Home in Durham, the Durham Region Housing Plan 2014-2024

At Home in Durham, the Durham Housing Plan 2014-2024, is an extension of the Region's commitment to affordable housing set out in the Durham Region Strategic Plan and the Regional Official Plan. Rental affordability was consistently identified as a priority issue in the community consultations and is the primary housing challenge that Durham faces (pg 5).

2018 Housing Plan Annual Report Highlights

Although the Region's social housing portfolio ensures a level of affordability for some of the most vulnerable people in our community – including seniors, people with disabilities and families in crisis – only 275 rent-geared-to-income (RGI) units became available in 2018. In order to address the affordability needs of all renters in Durham with low to moderate income, the region needs a greater range of affordable rental housing options. The rental market is not responding to the growing demand for affordable rental housing.

- Average market rent in Durham is $1,139 – almost a 5 per cent increase from 2016 and well above the provincial rent increase guideline of 1.5 per cent for 2017.
- A rental household would need to have $45,560 annual income to afford average market rent at 30 per cent of income. This means that less than half of rental households in Durham can afford average market rent. Further, the average income of applicants on the DASH wait list is only $17,800, and 64 per cent of non-senior applicants rely on social assistance as their primary source of income (33 per cent on ODSP and 31 per cent on Ontario Works).
- About 30 per cent of renters in Durham are in CMHC core housing need – meaning they live in a unit that is not affordable, not suitable for their family, or in need of major repairs. The vast majority of these households are in core need due to affordability issues.
- Rental housing represented only 8.6 per cent of all housing starts and only 16.38 per cent of all housing completions in 2017. Although this is slightly higher than the 2016 rates, construction is still not sufficient to meet the growth in demand, and new rental units are generally not affordable to low and moderate income renters. Average market rents for units constructed since 2005 are $1,874 per month.
- Rental vacancy rates in Durham have remained below 2 per cent since 2011.

The 2018 Housing Plan Annual Report highlighted the fact that the social housing and non-profit housing sector are vital to rental housing affordability in Durham (pg 17). Although, the Region has leveraged federal-provincial funding over the years to make critical capital investments in the social housing stock, challenges persist. The most recent Building Condition Assessments identified a need for over $200 million to sustain community housing in Durham. To preserve this public asset over the long-term a continued federal/provincial commitment is required.

Although Durham has maintained some of the lowest average price of new single detached dwelling in the GTA, home ownership is still not affordable for low income residents. A continued investment in home ownership through the existing partnership with Habitat for Humanity provides greater housing choices across the full spectrum of housing in Durham.

A robust housing sector requires a mix of housing options to address the needs of a variety of income levels. This is the foundation for strong and vibrant communities and the elimination of homelessness.

2. Which COCHI and OPHI program components will be delivered? How does your plan for use of funding address the current and projected housing needs in your community? What are the priorities and target client groups. Please indicate specific approaches to be taken in delivering the program.

To address the objective of the COCHI program, specifically to protect tenants in projects with expiring operating agreements/mortgages and to stabilize the supply of community housing, the Region's full COCHI allocation of $1,254,654 (2019-20 to 2021-22) will be invested in the Repair component to address urgent capital needs. Based on the most recent Building Condition Assessments, over $200 million dollars is required to maintain the housing stock. As buildings age the need for urgent capital repairs has increase and many housing providers require additional capital funding to bridge them to the end of their mortgage. For this reason, in addition to the full COCHI allocation being directed to urgent capital repairs the Region of Durham will allocate Year 1 OPHI funding of $4,318,890 (full allocation less 5% administration costs) to urgent capital repairs through the Ontario Renovates (Home Repair, Multi-Unit Rehabilitation) Component. Housing provides will be required to submit a proposal for funding, with supporting documentation, to the Region. A cross departmental team will evaluate the proposals against a predetermined scoring matrix designed to identify high risk urgent repairs and to ensure a fair and transparent process is followed to allocate these limited funds. The Region will monitor progress of approved projects to ensure funding deadlines are met and that Housing Providers receive quality for money through in-house and third party varification of work completed.

As the demand for affordable housing increases in Durham and the wait list for subsidy grows it is important to incent the development of additional affordable housing units. In support of the Region's goal of greater housing choices, the Region plans on continuing to partner with Habitat for Humanity Durham (HHD) for the provision of affordable ownership options in addition to the creation of additional affordable rental units. $100,000 has been allocated to the Home Ownership component of Year 2 OPHI funding based on estimated home completion dates. The remaining Year 2 and Year 3 OPHI funding (less admin costs) will be invested in the development of additional affordable rental units under the Rental component. Focusing all Year 2 and 3 OPHI funding on Capital will help more families and seniors obtain affordable housing that meets their needs as well as allowing for greater flexibility to transfer funding between capital programs to accommodate HHD's construction schedule.

The decision to invest fully in the capital component of the COCHI/OPHI programs is consistent with At Home in Durham, The Durham Region Housing Plan 2014-2024 in that it directly supports more affordable housing, greater housing choices and strong vibrant communities. These investments provide long term social benefit while also addressing the immediate capital needs of community housing providers.

3. Leveraging the COCHI and OPHI initiatives is a key means to achieving the goals and outcomes outlined in the Province's Community Housing Renewal Strategy. Please indicate how your planned spending under COCHI and OPHI will lead to:
a) Increased supply and appropriate mix of affordable and adequate housing;
b) People having improved access to affordable housing and supports that meet their needs to achieve housing stability;
c) Improved efficiency of the community housing system to ensure value for money and long-term sustainability.

By focusing the Region's funding allocation of the Capital Components of COCHI/OPHI the Region will ensure a mix of suitable housing is available for the long run. The investment in repairs will assist in maintaining the current community housing stock, which already provides a mix of adequate housing, and ensures that these projects continue to provide affordable housing beyond the maturity of their mortgages. In addition to supporting the preservation of the existing stock, the investment in affordable ownership and rental will improve access to a mix of housing that meets local needs. Through Regional oversight and administration, the Region will ensure that strategic investments are made that ensures value for money and the sustainability of community housing for years to come.

4. To be answered by Service Managers with Urban Native Social Housing units only. The Ontario-CMHC Bilateral Agreement requires the preservation of Urban Native Social Housing units to ensure that there is no net loss of the 1,452 units and that retained units will be improved through repair, capital replacement, as well as through adequate rent affordability support. Please indicate how the COCHI funding you receive will help the Province meet this commitment?

Not applicable

5. Additional comments.

The Region has not allocated any funding to Operating Components of COCHI/OPHI due to the short term nature of these programs and the requirement to disburse all funding within each funding year. Rent supplement and housing allowance programs are dynamic by their nature and require a flexible program structure.

Planned Financial Commitments By Year

Complete the following table to indicate how much of your annual allocation you plan to commit to each program component in each year of COCHI and OPHI. Documentation required for a commitment is outlined in the Program Guidelines.

Enter the full amount of funding to be committed in the year in which you plan to make the commitment.

Enter the amount to be used as administration fees for each year. Administration fees cannot exceed 5% of your annual funding allocation.

COCHI		COCHI Planned Financial Commitment - $s			TOTAL
		YEAR 1	YEAR 2	YEAR 3	
		2019-20	2020-21	2021-22	
SM allocation for each fiscal year		$ 525,393.00	$ 287,730.00	$ 441,531.00	**$ 1,254,654.00**
Capital Components					
New Build					**$ -**
Repair		$ 525,393	$ 287,730	$ 441,531	**$ 1,254,654.00**
Operating Components					
Rent Supplement					**$ -**
Transitional Operating Funding					**$ -**
SM Administration Fees	**% of Allocation**				
SM Administration Fees	0%	$ -	$ -	$ -	**$ -**
Total COCHI		**$ 525,393**	**$ 287,730**	**$ 441,531**	**$ 1,254,654**
OPHI					
SM allocation for each fiscal year		$ 4,546,200	$ 2,355,300	$ 3,666,700	**$ 10,568,200**
Capital Components					
Rental Housing			$ 2,137,535	$ 3,483,365	**$ 5,620,900**
Homeownership			$ 100,000		**$ 100,000**
Ontario Renovates		$ 4,318,890			**$ 4,318,890**
Operating Components					
Rental Assistance					
Rent Supplement					**$ -**
Housing Allowance - Direct Delivery					**$ -**
Housing Allowance - Shared Delivery					**$ -**
Housing Support Services					**$ -**
SM Administration Fees	**% of Allocation**				
SM Administration Fees	5%	$ 227,310	$ 117,765	$ 183,335	**$ 528,410**
Total OPHI		**$ 4,546,200**	**$ 2,355,300**	**$ 3,666,700**	**$ 10,568,200**
TOTAL PROGRAM ALLOCATION		**$ 5,071,593**	**$ 2,643,030**	**$ 4,108,231**	**$ 11,822,854**

Projected Take-Up

COCHI Projected Take-Up (Units/households)

Program Component	Projected Units Funded / Households Assisted			
	2019-20	2020-21	2021-22	TOTAL
New Build				0
Repair	148	81	125	354
Rent Supplement				0
Transitional Operating				0
TOTAL	148	81	125	354

Complete the following tables by entering the number of households for each target group to be served in your area through the three-year COCHI investment.

Projected Target Group	New Build	Repair	Rent Supplement	Transitional Operating	Total
Seniors		177			177
Persons with Disabilities					0
Survivors of Domestic Violence					0
Homeless					0
Indigenous Peoples					0
Mental Health/Addiction Issues					0
Veterans					0
Young Adults					0
Racialized Groups					0
Recent Immigrants					0
Unspecified		177			177
Total	0	354	0	0	354

OPHI Projected Take-Up (Units/households)

Program Component	Projected Units Funded / Households Assisted			
	2019-20	2020-21	2021-22	TOTAL
Rental Housing		15	25	40
Homeownership		4		4
Ontario Renovates	1253			1253
Rent Supplement				0
Housing Allowance - Direct Delivery Stream				0
Housing Allowance - Shared Delivery Stream				0
TOTAL	1253	19	25	1297

Complete the following tables by entering the number of households for each target group to be served in your area through the three-year OPHI

Projected Target Client Group	Rental Housing	Homeownership	Ontario Renovates	Rental Assistance	Housing Support Services	Total
Seniors	15		626			641
Persons with Disabilities						0
Survivors of Domestic Violence						0
Homeless						0
Indigenous Peoples						0
Mental Health/Addiction Issues						0
Veterans						0
Young Adults						0
Racialized Groups						0
Rencent Immigrants						0
Unspecifed	25	4	627			656
Total	40	4	1253	0	0	1297

2019-20 Planned Quarterly Financial Commitment

COCHI 2019-20 PLANNED QUARTERLY FINANCIAL COMMITMENT AND TAKE-UP

For the capital components, enter the estimated amount of COCHI funding to be taken-up by component in each quarter of the current program year. Documentation required for a commitment is outlined in the Program Guidelines

For the operating components, enter the projected disbursements in each quarter of the current program year.

COCHI Program Component	COCHI Planned Financial Commitment	Planned Financial Take-Up				Total
	2019-20	Quarter 1 Apr - Jun	Quarter 2 Jul - Sep	Quarter 3 Oct - Dec	Quarter 4 Jan - Mar	
Capital Components						
New Build	0					0
Repair	525,393		525,393			525,393
Operating Components						
Rent Supplement	0					0
Transitional Operating	0					0
SM Administration Fees	0	0	0	0	0	
TOTAL	**525,393**	**0**	**525,393**	**0**	**0**	**525,393**

OPHI PLANNED FINANCIAL COMMITMENT AND TAKE-UP BY QUARTER

For the capital components, enter the estimated amount of OPHI funding to be taken-up by component in each quarter of the current

For the operating components, enter the projected disbursements in each quarter of the current program year.

Program Component	Planned Financial Commitment	Planned Financial Take-Up				Total
	2019-20	Quarter 1 Apr - Jun	Quarter 2 Jul - Sep	Quarter 3 Oct - Dec	Quarter 4 Jan - Mar	
Capital Components						
Rental Housing	0					0
Homeownership	0					0
Ontario Renovates	4,318,890		4,318,890			4,318,890
Operating Components						
Streams						
Rent Supplement	0					0
Housing Allowance - Direct Delivery	0					0
Housing Allowance - Shared Delivery	0					0
Housing Support Services	0					0
SM Administration Fees	227,310	56,828	56,828	56,828	56,828	227,310
TOTAL	**4,546,200**	**56,828**	**4,375,718**	**56,828**	**56,828**	**4,546,200**

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2463.

The Regional Municipality of Durham
Report

To:	The Committee of the Whole
From:	Commissioner of Finance and Commissioner of Social Services
Report:	#2019-COW-14
Date:	June 12, 2019

Subject:

Proposed Housing Services Act Regulation Changes

Recommendation:

That the Committee of the Whole recommend to Regional Council:

That Report #2019-COW-14 be endorsed and submitted to the Ministry of Municipal Affairs and Housing (MMAH) as the Region of Durham's response to the proposed Housing Services Act regulation changes posted to Ontario's Regulatory Registry under proposal numbers 19-MMAH003, 19-MMAH004, 19-MMAH005, including that following key comments and recommendations:

i) MMAH consider the comments and recommendations set out in Attachment #1 – Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act;

ii) MMAH work with service managers to determine the financial impact of the proposed RGI simplification changes, including strategies for mitigation or compensation of these costs;

iii) RGI scales for social assistance households be revised to align to maximum shelter allowances for Ontario Works and Ontario Disability Support Program (ODSP); and

iv) Special Priority Policy (SPP) applicants be addressed outside of service manager wait lists to meet the immediate needs of this group and to allow service managers to better address the needs of chronological applicants and locally identified priorities on their wait lists.

Report:

1. Purpose

1.1 The Ministry of Municipal Affairs and Housing has posted the following proposed changes to the regulations of the Housing Services Act on Ontario's Regulatory Registry for comment by July 1, 2019:

A) Proposed Amendments to the Housing Services Act, 2011 Related to Social Housing Waiting Lists (19-MMAH03)
B) Proposed Amendment to the Housing Services Act, 2011 to Support Community Safety (19-MMAH04)
C) Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05).

1.2 The purpose of this report is to provide a summary of the proposed changes and potential impacts to housing service managers, like the Region of Durham.

2. Background

2.1 In April 2019, the Province introduced its Community Housing Renewal Strategy to stabilize and grow the community housing sector. The strategy effectively replaces the former Social Housing Modernization initiative and Long-Term Affordable Housing Strategy (LTAHS).

2.2 Community housing is housing that is owned and operated by non-profit housing corporations, housing co-operatives and municipal governments. It includes current social housing under Regional administration.

2.3 The Community Housing Renewal Strategy proposes a number of amendments to the Housing Services Act (HSA) to streamline and simplify the community housing system and to provide opportunity to people who rely on it. These amendments pertain to:

A) Social housing wait lists
B) Community safety
C) Rent-geared-to-income (RGI) simplification.

2.4 Prior to introducing the proposed changes, MMAH consulted with service managers, housing providers and housing sector organizations.

2.5 Staff continue to work with other service managers, the Ontario Municipal Social Services Association (OMSSA) and the Ontario Non-Profit Housing Association (ONPHA) to provide feedback on the proposed regulations.

3. Social Housing Wait Lists

3.1 MMAH is proposing a number of changes to help service managers streamline processes and manage wait lists more efficiently and effectively for those most in need. Proposed changes are to:

A) Limit the number of RGI housing offers that an applicant can refuse from three offers to one offer

B) Permit tenant transfers between housing providers in the same service area without recourse to the wait list
C) Mandate asset limits.

3.2 Although the proposed changes are largely positive, they do nothing to address the limitations on the wait list imposed by the provincially mandated Special Priority Policy (SPP). Although SPP applicants represent only about 5 per cent of the Durham Access to Social Housing (DASH) wait list, they comprised all but one of the total non-senior applicants housed in 2018 and all of those housed in 2017.

3.3 The intent of the SPP provisions are to provide priority access to social housing for victims of human trafficking or people fleeing abuse. The broad definition of abuse in the HSA combined with the low turnover rate in social housing combine to make the SPP policy largely ineffective. In Durham, families with SPP still waited on average more than a year (69 weeks) for RGI housing and single non-seniors nearly 3 years.

3.4 It is recommended that Special Priority Policy (SPP) applicants be addressed outside of service manager wait lists to meet the immediate needs of this group and to allow service managers to better address the needs of chronological applicants and locally identified priorities on their wait lists.

3.5 A summary of the proposed wait list changes and detailed comments are set out in Attachment 1 – Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act.

4. Community Safety

4.1 MMAH is proposing that housing providers be permitted to refuse to offer RGI housing to applicant on the wait list if they had previously been evicted for a serious criminal offence.

4.2 The proposed change is intended to help reduce crime and gang-related violence in community housing so that all residents feel safer in their homes. Although not identified as a wide-spread issue in the Durham, the proposed change is largely supported by housing providers.

4.3 A summary of the proposed change and detailed comments are set out in Attachment 1 – Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act.

5. Rent-Geared-to-Income (RGI) Simplification

5.1 MMAH is proposing a number of changes to support RGI simplification by moving to an annual taxed based calculation of subsidy effective July 1, 2021. The intent of the changes is to:

A) Make the RGI calculation easier for tenants to understand

B) Make RGI simpler for housing providers to administer
C) Remove disincentives for tenants to work and become economically self-sufficient
D) Promote greater consistency in how RGI is calculated across service areas.

5.2 The simplified calculation is based on 30 percent of adjusted family net income (AFNI) and would exclude child support income and income of full-time students, as well as increased exemptions for some households with earnings.

5.3 No changes are being proposed to social assistance scales or utility scales.

5.4 RGI would normally be reviewed annually based on the most recent income tax return. In-year reviews and RGI changes would only be conducted for:

A) Decreases in income of 20 percent or more
B) Permanent change in household composition
C) Start or end of social assistance
D) Start or end of full-time student status
E) Reassessment of income tax return
F) Other extenuating circumstances as determined by the service manager.

5.5 The proposed changes could represent a significant increase in subsidy costs for service managers as tenants will be charged RGI against less income resulting in lower rents and higher subsidies. The Region's 2019 approved budget for RGI subsidies is $31 million.

5.6 A recent random sampling of ten non-senior Durham Regional Local Housing Corporation (DRLHC) tenants indicated a potential 34 per cent increase in subsidy costs for this cohort as a result of the proposed changes. Further analysis is required to determine the financial impact of the proposed changes.

5.7 It is recommended that MMAH work with service managers to determine the financial impact of the proposed RGI simplification changes, including strategies for mitigation or compensation of these costs.

5.8 The Province acknowledges that service managers may incur increased subsidy costs as a result of these changes but suggests that these costs could be offset by a reduced regulatory burden and decrease in administrative costs. However, administrative costs associated with RGI administration are embedded in the indexed benchmark costs in the HSA funding model, meaning service manager costs for administration will be unchanged.

5.9 Potential increases in service manager costs could have been mitigated by changes to the social assistance scale amounts charged to many RGI tenants. These scale amounts are well below the maximum shelter allowances under Ontario Works (OW) or Ontario Disability Support Program (ODSP). Setting unreasonably low rents for those receiving RGI results in higher service manager subsidy costs with no corresponding benefit to tenants. The only advantage is to the Province in the form of reduced social assistance payments.

5.10 Social assistance scales were set prior to the devolution of social housing. They have not been updated in decades, including when social assistance was restructured in 2008. Failing to address social assistance scales rates as part of RGI simplification is a lost opportunity to better align programs and services to work to encourage economic inclusion and employment.

5.11 It is recommended that RGI scales for social assistance households be revised to align to maximum shelter allowances for Ontario Works and ODSP.

5.12 A summary of the proposed RGI simplification changes and detailed comments are set out in Attachment 1 – Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act.

6. Conclusions

6.1 MMAH is seeking comments about proposed changes to the Housing Services Act regulations by July 1, 2019. Changes are with respect to: 1) social housing wait lists; 2) community safety; and 3) RGI simplification.

6.2 Proposed changes regarding social housing wait lists and community safety are largely positive. However, wait list administration could be more effective if SPP applicants were addressed outside of service manager wait lists and funded by the province.

6.3 Proposed RGI simplification changes are likely to result in increased service manager costs, which could be mitigated by realigning social assistance scale rates with maximum social assistance allowance amounts.

6.4 Prior to implementation of RGI simplification changes, MMAH should work with service managers to determine financial impact, including mitigation or compensation of increased service manager costs.

7. Attachments

Attachment #1: Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act

Respectfully submitted,

Original Signed By

Nancy Taylor BBA, CPA, CA
Commissioner of Finance

Original Signed By

Dr. Hugh Drouin
Commissioner of Social Services

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act

Proposed Amendments to the Housing Services Act, 2011 Related to Social Housing Waiting Lists (19-MMAH03)		
Proposed Change	**Durham Response**	**Recommendation**
Refusals of offers • Permit service managers to set a local rule to revoke RGI eligibility after one offer, allowing for consideration of extenuating circumstances. • Applicants would retain the ability to select housing preferences prior to offer.	• Currently, service managers can limit the number of housing offers that an applicant may refuse before they become ineligible for RGI and are removed from the wait list. The service manager rule cannot be less than three offers. • Service managers have long requested a change to this rule to permit RGI ineligibility after one offer is refused – particularly in the case of applicants who are on the wait list to transfer to a smaller unit because they are overhoused. • Limiting the number of offers reduces the administration burden for both Durham Access to Social Housing (DASH) and housing providers and may reduce costs for the Region due to vacancy loss. • Limiting the number of offers to one is also better aligned with processes for vacancy driven wait lists like the DASH wait list.	• Durham fully supports a change to permit RGI ineligibility after one refusal of housing. • Service managers should have full flexibility in determining extenuating circumstances.

Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act

Proposed Amendments to the Housing Services Act, 2011 Related to Social Housing Waiting Lists (19-MMAH03)		
Proposed Change	**Durham Response**	**Recommendation**
Tenant transfers • Provide service managers and housing providers greater flexibility to manage transfers between housing providers in the same service area without recourse to the wait list.	• Currently, RGI tenants who want to transfer between housing providers in the same service area must be placed on the service manager's wait list for transfer. • Although Durham could set a local priority for transfers on the DASH wait list, these applicants would still rank below the provincial Special Priority (SPP) category. • Currently, there are over 600 transfer applicants on the DASH wait list. Unit turnover costs can be high, particularly for long term tenants or in older stock, and frequent transfers can impact the ability of service managers to address the wait list. • Service managers and housing providers need greater flexibility in transferring tenants between providers. However, such transfers should not be mandated.	• Service managers be permitted, but not mandated, to transfer tenants between housing providers in the same service area without recourse to the wait list.
Asset limits • Require all service managers to develop local asset limits.	• Durham has had asset limits in place since 2002. Durham excludes RRSPs, RRIFs and LIFs from asset limits.	• Any changes to asset limits should not affect service areas with current asset limits. • Current provisions to permit additional exclusions from asset limits should be retained.

Proposed Amendments to the Housing Services Act, 2011 Related to Social Housing Waiting Lists (19-MMAH03)		
Proposed Change	**Durham Response**	**Recommendation**
		• Consider provisions that would allow different asset limits based on: • household size/type • applicant or tenant status.
• Permit housing providers to refuse to offer to the highest ranked applicant on the wait list if they had previously been evicted for a serious criminal offence.	• Currently applicants on the DASH wait list are selected in order of priority for a vacant RGI unit. Under the HSA, housing providers can refuse to offer to the highest ranked wait list applicant for limited reasons set out in section 50 of O. Reg. 367/11. Refused applicants remain on the wait list for consideration by other providers. • Although not a significant concern in Durham, the proposed change is supported by local housing providers, including the Durham Regional Local Housing Corporation (DRLHC). • Housing providers already have the ability to refuse to offer based on rental payment history. The proposed change permits housing providers to also address previous behaviours, thereby mitigating potential detrimental impacts on their communities and costs associated with future evictions. • Unlike arrears, applicants cannot rectify a previous eviction for illegal act. Even if	• Housing providers should be permitted to refuse to offer vacancies to RGI applicants who were previously evicted for an illegal act from any social housing property in Ontario, not just their own. • Consider limiting the term for which a housing provider may refuse to offer housing due to an eviction for a serious criminal offense.

Proposed Amendments to the Housing Services Act, 2011 Related to Social Housing Waiting Lists (19-MMAH03)		
Proposed Change	**Durham Response**	**Recommendation**
	they change their behaviour, a previous eviction could permanently prevent them from accessing future RGI.	

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
• Move to a simplified calculation of rent based on 30 per cent of adjusted family net income (AFNI) as determined using the most recent income tax return information. • AFNI would be calculated in a manner generally consistent with the portable housing benefit framework in Schedule 4.1 of O. Reg. 367/11. • Tenants would be required to file their income taxes annually as a condition of continued RGI eligibility.	• Proposed change is likely to result in an increase in service manager subsidy costs. • Currently, gross income is included in the RGI calculation. AFNI is largely based on Line 236 of the income tax return, and reflects income net of registered pension plan payments, union/professional dues, support income and child care expenses. This will increase subsidy costs for many tenants with earned income. • Excluding support for custodial parents (and continuing to exclude support payments from non-custodial parents) results in inequitable treatment of income across different family types, as two-parent families cannot reduce income included in RGI based on costs associated with raising children.	• Durham supports a simplified RGI calculation, but the proposed changes are likely to result in an increase in subsidy costs. • Prior to implementation, MMAH should work with service managers to determine the financial impact, including mitigation or compensation of increased service manager costs. • Support income should continue to be included in RGI calculations. • Current provisions reducing income for the calculation of RGI by the amount of support paid should be eliminated.

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
	• Notably, child care costs will be excluded from the proposed RGI calculation, effectively making housing service managers responsible for subsidizing these costs in the form of reduced rents.	
• Verify net income by a tenant's most recent notice of assessment or proof of income statement issued by the Canada Revenue Agency, or if not available, by other methods determined by the service manager. • Permit reviews less than annually and allow for automatic increases (based on a percentage change) for tenants with no earnings, fixed income and no dependents.	• Proposed changes are likely to simplify RGI administration for seniors and tenants receiving social assistance, particularly ODSP. • The potential reduction in administrative burden may be overstated. In Durham, about 40 per cent of the current community housing portfolio are seniors and an estimated 60 per cent of the non-senior portfolio receives social assistance. These households are already generally reviewed annually and are not	• Prior to implementation, MMAH should work with service managers to determine the financial impact, including mitigation or compensation of increased service manager costs.

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
	administratively complex. • Any expected reduction in administration is likely to apply to only about 24 per cent of the current RGI units in Durham at most.	

• Require households to notify their Service Manager where certain changes have occurred, other than changes to household income.
• Permit in-year RGI reviews for:
  • Decreases in income of 20 per cent or more (limited to one in-year review)
  • Permanent change in household composition
  • Start or end of social assistance
  • Start or end of full-time student status
  • Reassessment of income tax return
  • Extenuating circumstances determined by service manager
• On an in-year review, a tenant's net income would be the amount that best approximates the tenant's projected net income for the 12-month period beginning on the month following the month in which the application is considered.
	• Currently, RGI is increased the first day of the second month following an increase in income.
	• Proposed change to implement most RGI increases at annual review will increase service manager subsidy costs.
	• Current allowances for in-year adjustments are reasonable but may be complex to administer – particularly if the tax-based information received at annual review does not yet fully reflect the in-year change.
	• Frequent changes in source of income (especially tenants who move on and off Ontario Works throughout the year) could compromise the ability of service managers to do annual tax based calculations at all. These are currently the most administratively challenging cases and are likely to continue to be so as they will be eligible for in-year changes.
		• Clarify that income used for annual reviews following an in-year change may be adjusted to reflect future income, consistent with the change made at in-year review.
		• Clarify income to be excluded from RGI calculations when an alternate method is used to the annual tax-based calculation.

Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
• Allow households to pay market rent for a period of 24 consecutive months before losing their eligibility for assistance.	• Currently, tenants remain eligible for RGI if they pay market rent for 12 consecutive months. • Increasing this time frame further delays the service manager's ability to provide RGI to applicants on the wait list. • Reinstatement of RGI outside of 12 months can be adequately addressed under local in-situ RGI policies.	• Retain current 12 months at market rent provisions.
• RGI tenants receiving social assistance will continue to pay RGI at social assistance scale rates unless non-benefit income is above the prescribed limit in the scale set out in O. reg. 298/01.	• Social assistance scales set the RGI rent for Ontario Works and ODSP benefit units based on family size. Benefit units with non-benefit income (i.e. income other than social assistance) above a prescribed limit have RGI calculated at 30 per cent of the non-social assistance income. Secondary thresholds also apply to ODSP benefit units who also receive CPP-disability or the OAS Allowance. • Social assistance scales were set prior to the devolution of social housing. They have not been updated in decades, including when social assistance was restructured in 2008. • Social assistance scale rates establish unreasonably low rents that result in higher service manager subsidy costs with	• Social assistance scales should be revised to align to maximum shelter allowances for Ontario Works and ODSP. • Clarify the tax-based calculation of RGI for social assistance recipients with other income. • Secondary ODSP/CPP-d/OAS-Allowance thresholds should be eliminated.

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
	no corresponding benefit to tenants. • In some cases, RGI tenants may prematurely lose eligibility for social assistance benefits due to artificially low shelter allowances – resulting in loss of drug benefits and employment supports. • As social assistance income is included in Line 236 of the income tax return, it is unclear how non-benefit income will be determined or how the tax-based calculation of RGI will be administered for social assistance recipients with other income. • Potential increases in service manager costs could have been mitigated by changes to the social assistance scale amounts charged to many RGI tenants. • Failing to address social assistance scales as part of RGI simplification is a lost opportunity to better align programs and services to work to encourage economic inclusion and employment. • Secondary thresholds for ODSP recipients who receive CPP-d or OAS-Allowance are discriminatory and confusing and result in inequitable treatment of ODSP recipients. Specifically, some ODSP/CPP-d/OAS Allowance recipients may:	

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
	• pay lower RGI than other ODSP recipients even if the total non-benefit income amount is the same • become prematurely ineligible for ODSP due to artificially low shelter allowances, resulting in the loss of drug benefits.	
• Current utility scales will continue to apply to new RGI calculations.	• Utility scales apply after the calculation of RGI and increase rent for extra utilities and services provided by the housing provider or decrease rent payable when the tenant pays for heat, hot water and other services. • Utility scales pre-date devolution and do not reflect current costs for tenants or housing providers. • This results in reduced affordability for tenants (especially those living in townhouses) and higher subsidy costs for service managers.	• Utility scales should be updated to better reflect actual costs.

Region of Durham's Detailed Response to Proposed Regulatory Changes under the Housing Services Act

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
• All tenants in full-time studies at a recognized educational institution would now have their income exempt from RGI calculations, removing the existing conditions attached to this exemption.	• Currently, all student grants, loans, scholarships, fellowships, bursaries are excluded from RGI calculations. • Other income of full-time students is excluded only for a dependent of the household defined under section 49(4) of O. Reg. 298/01 who have been out of secondary school less than 5 years. • The proposed change would exclude income of all full-time students including head of household and spouse – increasing service manager costs and providing inequitable treatment of tenants with earnings.	• Proposed new income exemptions for full-time students should not apply to head of household or spouse. • Continue to exclude all student grants, loans, scholarships, fellowships, bursaries for all members of the household.
• For tenants who work, exempt $1,800 per year of family unit employment income from AFNI, matching or exceeding the current employment deduction offered to tenants.	• Current exemptions for families with children or couples where both have earnings is $1,800 per year. • Proposed change will increase earnings exemptions for single people from $900 per year to $1,800 per year. • Dependents per section 49(4) of O. Reg. 298/01 are not entitled to earnings exemptions but have alternate RGI calculation of 15 per cent of first $1,000 and 30 per cent of the balance. • The change will result in increased service manager costs.	Consider aligning earnings exemptions for all dependents and eliminating alternate RGI calculation for dependents under section 49(4) of O. reg. 298/01.

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
• Remove imputed income from the rent calculation for non-interest bearing assets (e.g. real estate, art, certain bank accounts).	• Currently, imputed income is based on Canada Savings Bonds rates and has been at zero per cent since 2012. • As Durham has had asset limits since 2002, calculation of imputed income (prior to 2012) had minimal effect on RGI but was administratively complex. • Elimination of imputed income compliments proposed mandated asset limits.	• Durham supports the elimination of imputed income. • Current exemptions for imputed income on bank balances less than $5,000 should be adjusted to exclude actual interest received on these minimum balances.
• Increase minimum rent by the annual rent increase guideline under the Residential Tenancies Act, from 2001 to present, and index to future increases. • The new minimum rent would be effective July 1, 2021 and automatically indexed thereafter. • For tenants paying minimum rent prior to July 1, 2021, phase-in minimum rent increase over a multi-year period beginning July 1, 2020.	• Currently, minimum rent is $85, which is equivalent to the current Ontario Works scale rate for a single person. • The proposed new minimum rent effective July 1, 2021 is estimated to be about $130, which is higher than the Ontario Works and ODSP single rates. This compromises the effectiveness of current pursuit of income rules. • Minimum rent indexing is administratively burdensome and unlikely to result in significant cost savings to service managers. • The transition period for tenants currently paying minimum rent is confusing and appears to result in differing minimum rents.	• Set minimum rents equivalent to social assistance scale rates that would otherwise be applicable to the family. • Implement new minimum rents without delay for all tenants.

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing (19-MMAH05)		
Proposed Change	**Durham Response**	**Recommendation**
• As of July 1, 2021, all rent-geared-to-income calculations would be calculated using the new, simplified approach. • Between July 1 and December 31, 2021, service managers would be required to recalculate rent for all existing rent-geared-to-income tenants using the proposed new rules with a requirement to provide a consistent effective date for all tenants in the same building.	• There may be potential service manager and housing provider costs associated with the transition to the RGI calculations.	• Consider providing service managers with guidelines and other support materials to assist in the transition to the new calculation.

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2666

The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Social Services and Commissioner of Planning and Economic Development
Report:	#2019-COW-15
Date:	June 12, 2019

Subject:

Initiation of the Durham Region Community Safety and Well-Being Plan (CSWP)

Recommendation:

That the Committee of the Whole recommends to Regional Council:

A) That this report be received for information; and

B) That a copy of this report be sent to the area municipalities, Durham Region Police Service, and CSWP Stakeholders for information.

Report:

1. Purpose

1.1 On January 1, 2019, legislative amendments to the *Police Services Act, 1990,* mandated that every municipality prepare and adopt a Community Safety and Well-Being Plan (CSWP) in partnership with their police services.

1.2 The Minister of Community Safety and Correctional Services has given municipalities two years (until January 1, 2021) to prepare and adopt their CSWP.

1.3 The purpose of this report is to advise Council that work is underway to complete a CSWP for Durham Region, on or before January 1, 2021.

1.4 A Steering Committee co-led by the Commissioner of Social Services and the Commissioner of Planning and Economic Development will guide the process. The Regional CAO and DRPS Chief are the Executive Sponsors. It may be recommended at a later date that two members of Regional Council be appointed to provide support and public leadership to the project team.

2. Background

2.1 Community Safety and Well-Being Plans are intended to formalize the shared responsibility of safe and healthy communities beyond policing. CSWPs required an integrated approach to bring municipalities, First Nations and partners together to mobilize the levers of safety and well-being collectively.

2.2 Current and mounting demographic pressure is placing new and different demands on the Region. The anticipated growth that is coming to Durham Region will bring with it fundamental changes to the make-up and character of the Region. The long-term sustainability and health of the Region is critical to community safety and well-being.

2.3 Having a made-in-Durham CSWP will produce a number of inherent benefits. Apart from creating a sense of shared ownership for community safety and well-being, the CSWP will:

a. Identify the key issues impacting the Region in general, and in particular to the area municipalities and specific areas within them;
b. Increase understanding of local risks and vulnerable groups;
c. Increase awareness, coordination and access to services;
d. Identify priority areas and recommendations for action;
e. Determine optimal strategies to improve community safety and well-being;
f. Identify the capacity across Durham Region to address community safety and well-being related issues;
g. Confirm operating procedures for a more integrated and aligned collaboration process across agencies and geography;
h. Reduce the financial burden of crime on society through cost-effective approaches with significant return on investment; and
i. Provide a platform for overarching multidisciplinary Regional benefit.

2.4 Additionally, this project provides opportunities to enhance many interrelated efforts across the Region, such as strategic planning, economic development and tourism, planning for regional growth, increasing transit ridership, emergency management, health and social services resource allocation, and more.

2.5 Some municipalities in Durham Region (such as the Town of Ajax) have had a community safety strategy in place for more than a decade. Various other upper and lower-tier municipalities around the province have also developed CSWPs. Best practices, and lessons learned from these Plans will be analyzed to inform and streamline Durham's process.

2.6 The CSWP will be aligned with the *Durham Region Strategic Plan*, Durham Region Works Department's *Vision Zero*, *Priority Neighbourhoods Roundtable, the Financial Empowerment Framework, and other bodies of work underway*. The CSWP will most closely align with the Durham Connect Table, led by Durham Regional Police Service.

a. Durham Region Strategic Plan

- Establishes the long-term vision for communities in Durham Region, and the Region's role in achieving that vision.

b. Durham Vision Zero

- The Region's Works Department has developed a Strategic Road Safety Action Plan (SRSAP) to reduce the number and severity of collisions and traffic-related incidents.

c. Priority Neighborhoods Roundtable and the Financial Empowerment Framework.

- Work to address the social determinants of health through collaboration, education, community engagement and financial empowerment opportunities.

d. Durham Connect

- A partnership made up of multidisciplinary agencies mandated under provincial, regional, local and community-based organizations to improve community safety and well-being;
- Provides collaborative deployment of resources and services to reduce imminent harm to individuals and families in Durham who demonstrate

acutely elevated risk factors.

3. Summary of the CSWP

3.1 A CSWP involves taking an integrated approach to service delivery by working across a wide range of sectors, agencies, and organizations to assist partners whose mandate is focused on community safety and wellness. The Plan will proactively develop and implement evidence-based strategies and programs to address local priorities, such as risk factors, vulnerable groups, etc. related to crime and complex social issues, on a sustainable basis.

3.2 The goal of a CSWP is to achieve the ideal state of a sustainable community, where everyone has a sense of safety, belonging, access to services, and where individuals and families are able to meet their needs for education, health care, food, housing, income and social and cultural expression.

3.3 The Ministry of Community Safety and Correctional Services requires the CSWP to include the following, at a minimum:

a. Local priority risk factors that have been identified based on community consultations and multiple sources of data, such as Statistics Canada, and local sector-specific data, such as the Health Neighbourhoods reports;
b. Evidence-based programs and strategies to address those priority risk factors; and
c. Measurable outcomes with associated performance measures to ensure that the strategies are effective and positive outcomes are being achieved.

3.4 A Risk Driven Tracking Database (RTD) is maintained by the Ministry of Community Safety and Correctional Services. It contains comprehensive data related to situations of acutely elevated risk. The Plan will involve a detailed background assessment of risks in Durham, and how these can be mitigated. DRPS has identified the top three highest-risk factors on the topic of community safety and well-being in Durham (ranked by frequency). These factors, the remaining risk factors known to DRPS, as well as others that are discovered through the process will be considered in the Plan. They are:

1. Mental Health and Cognitive Function;
2. Anti-social/Problematic Behaviour (non-criminal); and
3. Substance Abuse and Addiction.

4. A Regional Approach

4.1 A Region-wide approach to the development of the CSWP is logical due to its interdisciplinary nature, requiring expertise from various departments and agencies. The following highlight the benefits:

a. The issue of community safety is intricately linked to many factors. It is a complex problem that requires a collaborative solution. The term “community safety” is one that is generally understood to be administered by police and those who provide services through the criminal justice system. From a broader lens, however, it is closely connected to the work of others in human service sectors, including housing, health/mental health, addictions, victim support, planning, as well as public leadership by elected officials. The approach to community safety and well-being needs to be premised on creating a wider community of practice.

b. There is growing recognition that safe communities are sustainable communities. They are healthy, vibrant and attractive places to live, work, invest, play and learn. A Community Safety and Well-being Plan may in fact offer a critical launching pad for a systemic and integrated approach to improving quality of life. It may also offer an important point of leverage for creating broader connections across multiple organizations whose focus ultimately is on improving the quality of life of Durham residents. It may provide a platform for a multi-sector collaborative effort that in turn reduces risk, vulnerability, harm, and increases economic development.

c. Championing a Community Safety and Well-being Plan provides an important point of leverage for creating additional benefit across the economic and socio-cultural spectrum. It will provide an opportunity for Durham Region and its partners to identify the issues and the areas of opportunity for collaborative action.

5. The Process and Governance

5.1 It is proposed that the planning process be led by a Steering Committee, including members of Planning and Economic Development, Social Services, DRPS (Durham Connect), the CAO’s office, and will seek Regional Council’s involvement at a later date.

5.2 A staff Project Team will act as the conduit for the transfer of information from the Working Groups to the Steering Committee. The Project Team will act in an advisory capacity to the Steering Committee. Its first task will be to create a Terms of Reference, outlining:

a. The roles and responsibilities for the Steering Committee, Project Team, and Working Groups;
b. Project Scope;
c. Stakeholders;
d. Project Timeline; and
e. Deliverables.

Area municipalities will be engaged throughout the process, and the Area Municipal CAO's are in agreement with the Region leading this initiative.

5.3 A background assessment and jurisdictional review will be undertaken to better understand the issues at hand, best practices, and lessons learned from various other municipal CSWPs that have already been created across the province.

5.4 Plans and resources that already exist (i.e. Durham Connect, Vision Zero) will be leveraged to more closely define CSWP project scope, as well as create opportunities for collaboration and efficiencies.

5.5 The Stakeholder List created in the Terms of Reference will be used to shape public engagement on the CSWP. The public engagement will be broad reaching to the entire community, but also focus on vulnerable populations and those who access relevant services.

5.6 Risk factors and influential data identified by the Risk Driven Tracking Database, DRPS and Social Services, as well as information obtained through public consultation will be analyzed in detail to find potential efficiencies across the Region.

5.7 Crime Prevention Through Environmental Design (CPTED) theory will be leveraged when analyzing priority areas in creating a greater sense of safety in the community.

5.8 Appropriate options that could be feasible to address the various goals of the CSWP will be identified with preliminary visions for implementation.

5.9 The Steering Committee will be responsible for making decisions concerning the CSWP. The Steering Committee will provide progress reports through the

Commissioner of Social Services, the Commissioner of Planning and Economic Development, and/or the Chief Administrative Officer, to Regional Council. The Committee will build on existing governance models (i.e. Durham Connect), while including DRPS, the CAO's Office, Social Services, Planning and Economic Development, Health, as well as Regional Council.

6. Conclusion

6.1 Durham Region is required by the province to develop a Community Safety and Well-Being Plan. This Plan is positioned to demonstrate the need for collaboration and could serve as a collaborative Call to Action. It will align the efforts of all partners – DRPS, municipalities, Regional departments, social service agency partners and affiliate organizations dedicated to community safety and wellness program delivery. It will galvanize all participants to achieve mutually supported goals and agreed-upon actions for community safety and well-being.

6.2 Once completed, the Durham CSWP will become a cohesive guide to provide safety, vibrancy and well-being in the Region. It will align other jurisdictional best practices, current Regional programs, and public feedback to create a stronger Durham Region.

Respectfully submitted,

Original signed by

Dr. Hugh Drouin
Commissioner of Social Services

Original signed by

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

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2304

The Regional Municipality of Durham Report

To:	Committee of the Whole
From:	Commissioner of Finance and Commissioner of Works
Report:	#2019-COW-16
Date:	June 12, 2019

Subject:

The 2019 Regional Municipality of Durham Asset Management Plan

Recommendations:

That the Committee of the Whole recommends to Regional Council that:

A) The Regional Strategic Asset Management Policy (Attachment #1) be approved and submitted to the Ontario Ministry of Infrastructure to comply with Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure, which requires municipalities to have adopted a Strategic Asset Management Policy by July 1, 2019; and

B) The best business practice of allocating funds to address priority rehabilitation and replacement needs of Regional infrastructure systems identified in this report produced through the Region's asset management planning process, continue as part of the Region of Durham's 2020 Financial Planning and Budget deliberations.

Executive Summary:

1. Purpose

1.1 The purpose of this report is to present the Region's asset management goals, approach and policies, and to advise on the state of the Region's infrastructure, service levels, performance, life cycle considerations, and risk and climate change adaptation and mitigation initiatives. This report also establishes compliance with new regulations under Ontario Regulation 588/17 and reflects in almost all cases, the Region is compliant two years ahead of specified deadlines.

1.2 The Region's Asset Management Plan is produced annually from the ongoing asset management planning process that Regional staff undertakes as part of best business practices as well as to ensure compliance with all Provincial and Federal regulatory and reporting requirements and grant funding programs.

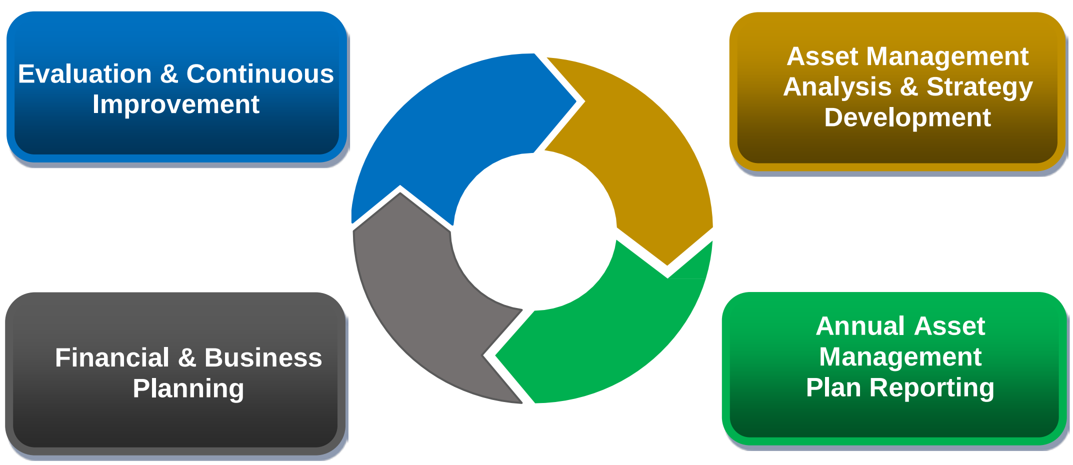
1.3 This asset management approach places identified infrastructure investment needs into the annual and long term financial and business planning and budget process for consideration, prioritization and subsequent approval.

2. Corporate Strategic Asset Management Policy: Goals, Approach and Policy

2.1 A formal asset management program has been in place at the Region since 2004. The Corporate Strategic Asset Management Policy (Attachment #1) recommended for approval, encapsulates the Region's asset management goals, planning process and policies, which have evolved and improved since 2004.

2.2 The Region's asset management planning is a continuous year-round process:

Figure 1: Region's Asset Management Planning Process



2.3 Multi-disciplinary departmental asset management teams, coordinated by the Finance Department and led by an inter-departmental Director Steering Committee, collaboratively gather, analyze and report on the following asset information (Figure 2):

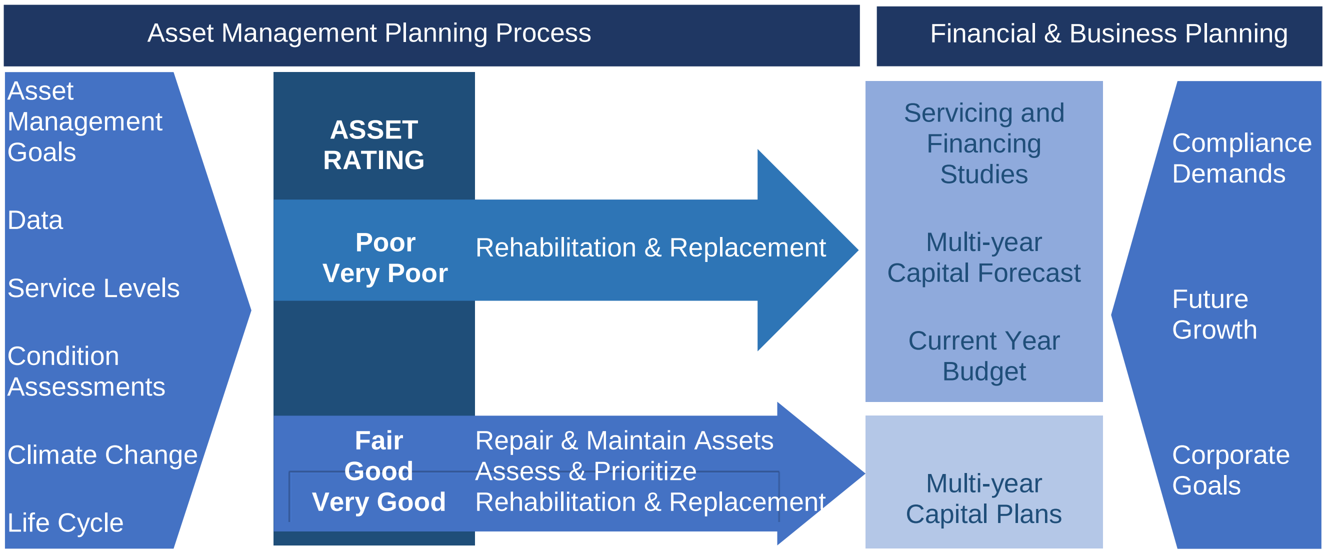
Figure 2: Regional Asset Management Analysis

Assets	Inventory, valuation, condition, age and capacity
Service Level Demands	Strategic goals, policies, plans, growth, densities, best business practices, regulatory compliance, land use requirements and performance measurement
Life Cycle Considerations	Timing and type of maintenance, repair, rehabilitation and replacement activities
Asset Risk and Climate Adaptation and Mitigation	Asset risk and criticality, business continuity, climate adaptation and mitigation, and emergency planning
Financial Planning	Expenditure and financing forecasts & strategies including maintenance, rehabilitation, replacement, disposal activities and non-infrastructure solutions

2.4 The departmental asset management working teams also participate in the Region's Corporate Climate Change Staff Working Group (CCSWG) as well as in the preparation of servicing and financing studies and annual business plans and budgets. Through this integrated multi-disciplinary approach and analysis, Regional staff strive to achieve the seven asset management goals as included in the recommended Corporate Strategic Asset Management Policy. The seven goals are based on the Region's current Strategic Plan and other various strategic planning documents, policies, reports and studies approved by Council:

- The Region will maintain its assets in a safe condition throughout their life cycles with tolerable risks mitigated through effective strategies, to deliver Regional services at approved levels in a financially prudent and sustainable manner;
- The Region will maximize the value of its assets by undertaking the most appropriate and cost-effective maintenance, repair, rehabilitation, and/or replacement activities at the most optimal time, to achieve the lowest possible life cycle cost as feasible;
- The Region will demonstrate leadership in sustainable asset management, including investments in assets to mitigate (reduce energy use and emissions) and adapt to climate change (to build resiliency), as part of asset management planning;
- The Region will proactively monitor, identify, and implement asset related risk mitigation measures to ensure the continuity of asset related services, as part of asset management planning;
- The Region will strive for continuous improvements and innovation in asset management planning, including data analysis, technologies, processes, practices, strategies, and coordination with its lower tier municipalities, neighboring municipalities and senior governments;
- The Region's asset management planning and reporting process will be transparent and accountable through the development and approval of an annual Asset Management Plan by Regional Council (which reports performance as well as ensures compliance with all senior government legislative, regulatory, and grant funding reporting requirements); and
- Infrastructure capital needs identified through asset management planning, as well as risk and climate adaptation and mitigation measures, will be addressed based on funding allocated through the Region's Business Planning and Budget process.

Figure 3:
Durham's Corporate Asset Management Process & Financial & Business Planning



2.5 The asset management planning process is a cornerstone in the Region's annual business planning cycle. The identified infrastructure maintenance, repair, rehabilitation and/or replacement investments are prioritized based on detailed options analysis. These asset management investment needs and financing strategies are addressed in subsequent servicing and financing studies for major program areas as well as Regional Business Plans and Budgets.

2.6 The annual Asset Management Plan, along with the subsequent servicing and financing studies and business plans and budgets, proceed to Regional Council for approval on an annual basis, setting the path for infrastructure renewal and new investments. Opportunities for the public to provide input is available throughout this approval process.

2.7 The Region's approach ensures that asset management planning includes opportunities for continuous improvements and asset management strategies and infrastructure needs are addressed with approval of funding through the annual business planning and budget process as part of best business practices.

3. Complying with Federal and Provincial Requirements, including Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure

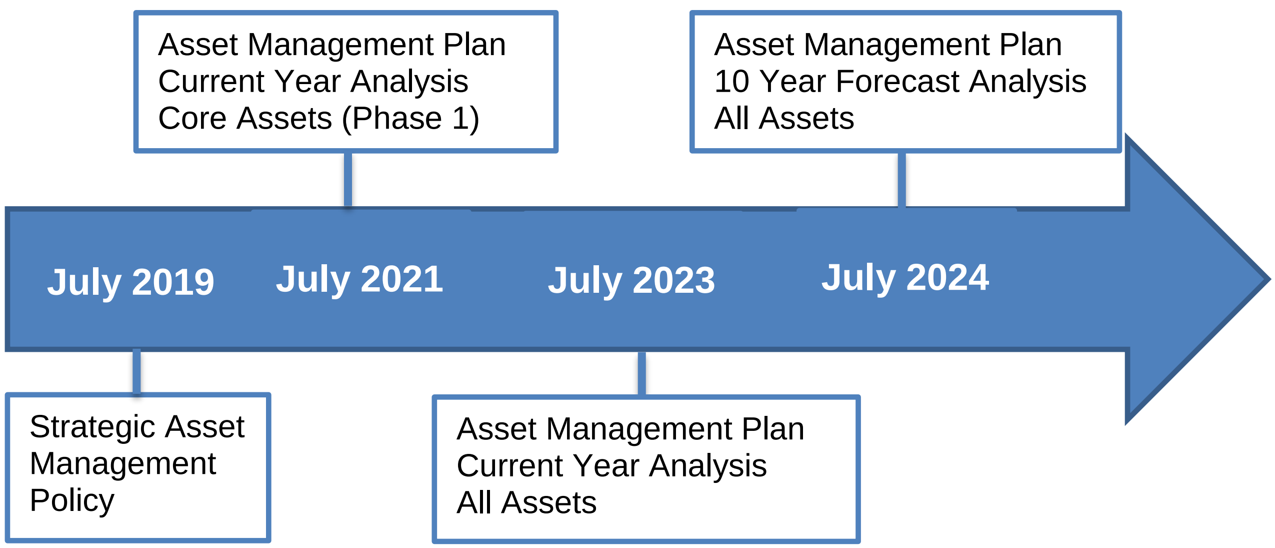
3.1 In addition to best practices, the Region's annual Asset Management Plan also ensures the Region is consistent and compliant with the following Provincial, Federal and Regional requirements:

- Federal requirements for the recording of Tangible Capital Assets (TCA);
- Federal Gas Tax Municipal Funding Agreement requirements;
- Requirements related to the *Ontario Infrastructure for Jobs and Prosperity Act, 2015;*

- *The Development Charges Act;*
- Requirements under *The Smart Growth for Our Communities Act, 2015;*
- Requirements under the Growth Plan to support the next Municipal Comprehensive Review (ROPA); and
- The Region's Tangible Capital Assets (TCA) Policy.

3.2 On January 1, 2018, Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure, under the Ontario Infrastructure for Jobs and Prosperity Act, 2015, came into effect. This regulation requires municipal asset management plans to include the following by the specified dates as reflected in Figure 4:

Figure 4:
Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure



3.3 Additional notable requirements include:

- A municipality's Strategic Asset Management Policy must be reviewed and updated at least once every five years;
- A municipality's asset management plan must be approved by Council;
- Commencing July 1, 2024, municipalities will be required to undertake and complete an annual review of their asset management progress and report to Council by July 1 of each subsequent year; and
- Municipalities are required to review and update their asset management plan at least once every five years.

3.4 Regional Council's approval of the recommended Corporate Strategic Asset Management Policy as contained in Attachment #1, will ensure Durham complies with this requirement in the regulation by July 1, 2019.

3.5 Furthermore, combined with the additional analysis and reporting improvements in this year's report, the Region's 2019 Asset Management Plan already meets almost all Phase 1 new asset management regulatory reporting requirements two years ahead of the specified deadlines.

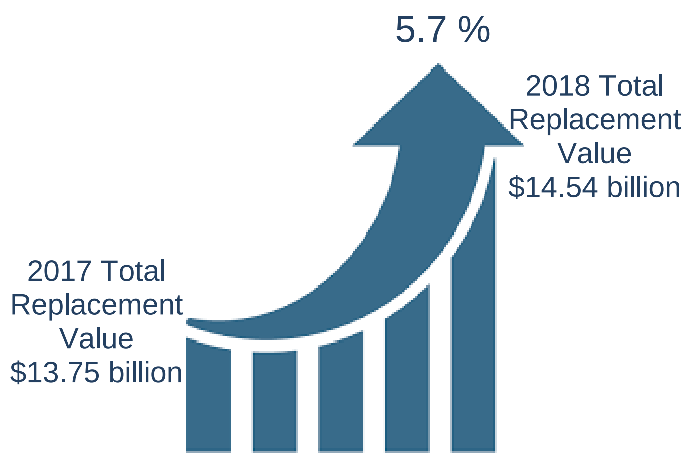
Figure 5:
Durham's Compliance with Phase 1 of the Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure

	Current Levels of Service for Core Assets by July 1, 2021					
Service Area	State of Infrastructure	Community & Technical Levels of Service	Asset Management Strategies	Life Cycle Cost	Climate Change and Risk	Financing Strategies (Asset Management and Growth)
Water	Achieved	Achieved	Achieved	In Progress	Achieved	Achieved
Wastewater	Achieved	Achieved	Achieved	In Progress	Achieved	Achieved
Roads	Achieved	Achieved	Achieved	In Progress	Achieved	Achieved
Structures	Achieved	Achieved	Achieved	In Progress	Achieved	Achieved
Stormwater	Achieved	In Progress	In Progress	In Progress	Achieved	Achieved

3.6 Moving forward, the Region is very well positioned and staff have a plan to meet the remaining Phase 1 as well as future phases' regulatory requirements by the specified timelines over the next two years and into the future (summarized in Section 11).

4. Replacement Value of Regional Assets'

4.1 At year-end 2018, the Region's infrastructure assets had a total replacement value of approximately $14.54 billion, which is an increase of $0.79 billion or 5.7 per cent over 2017 year-end ($13.75 billion).



4.2 For 2018, approximately $62,190 per Durham household would be required to replace the Region's entire asset inventory (compared to $59,140 for 2017)

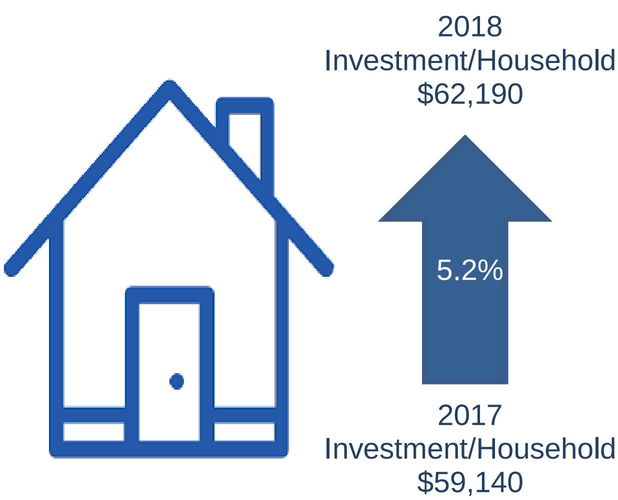
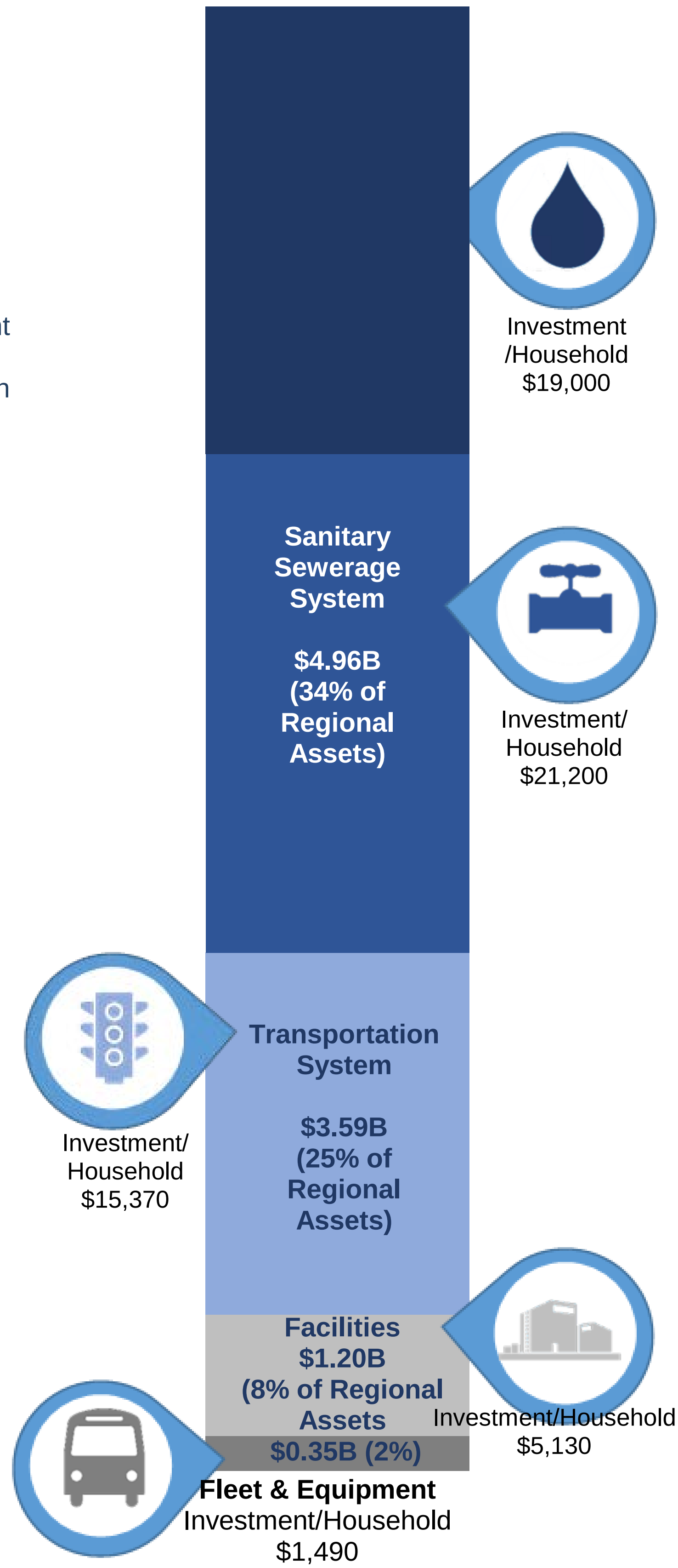


Figure 6: 2018 Asset Replacement Value by Asset Type and Durham Household



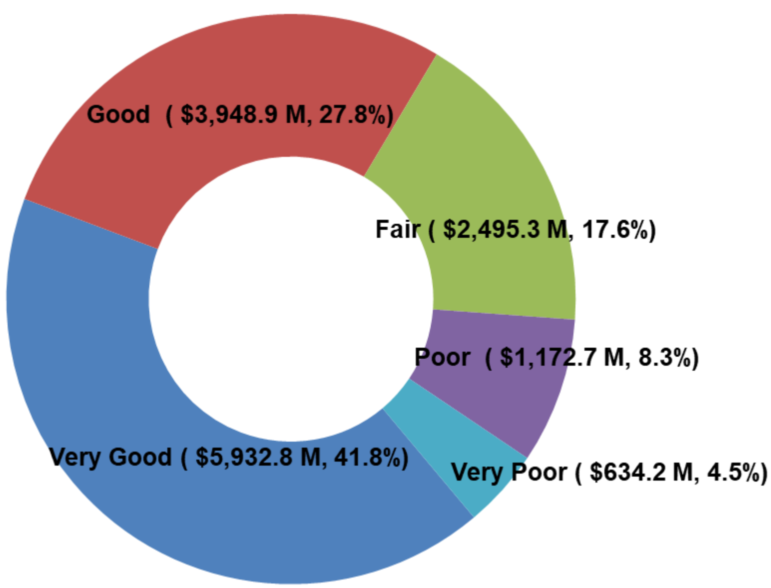
5. The Condition of the Region's Infrastructure

5.1 Asset condition is an important consideration in the prioritization of maintenance, repair and replacement investments. Regional asset management staff employ the following approaches to assess the condition of each asset class:

- For watermains and sanitary sewers and service connections (linear assets), some of the factors used to assess condition are pipe material, break rates and remaining service life. For vertical water and sanitary sewerage assets, either high level assessment or detailed assessment are employed for the building structure and process equipment;
- For the transportation network, inspections of the condition of roads, bridges and traffic infrastructure are undertaken, along with consideration of age where appropriate, to determine condition ratings;
- For Facilities, building condition assessments (BCA) are completed to determine condition and rehabilitation and replacement requirements; and
- For some other assets, a standardized ranking of asset condition is used based upon five grades assigned across four factors: soundness; functionality; maintenance cost; and asset age.

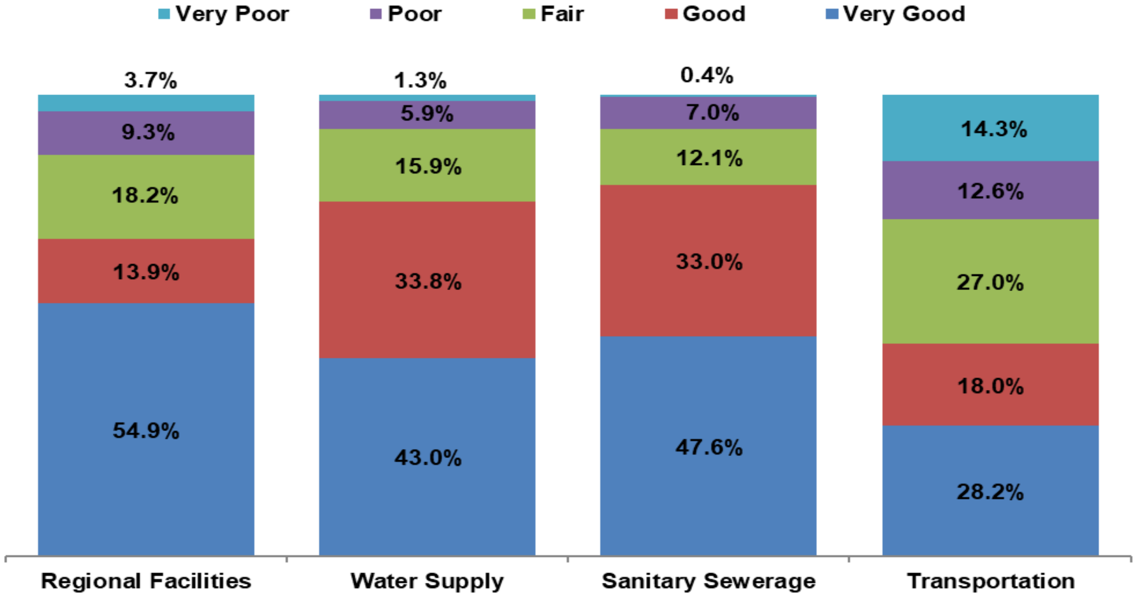
5.2 Across all assets, most are rated in Fair to Very Good condition (87.2 per cent based on proportion of total replacement value).

Figure 7: Regional Asset Condition Rating Overall (By 2018 Replacement Value) ($ millions)[1]



1 Condition ratings exclude fleet and equipment.

Figure 8: 2018 Regional Asset Condition Rating by Asset Class



5.3 Of the infrastructure assets currently rated in Very Poor condition:

- Approximately $513.1 million (14.3 per cent) are within the transportation asset class, of which $505.9 million are roads in Very Poor condition. This asset class continues to experience material year over year construction cost increases for roads and an overall network wide decrease in Pavement Condition Index (PCI). It is important to note that road rehabilitation/reconstruction continues to be a Regional Council priority and the 2019 Roads Capital Budget approved $35.9 million for road rehabilitation (including $7.5 million in federal gas tax funding). This represents an increase of $2.7 million over 2018 ($33.2 million) and a total increase of $12.4 million over 2017 ($23.5 million) to address road segments mostly in Poor and Very Poor condition. There is only one bridge in the Region's inventory that is in Very Poor condition which is currently being replaced and is anticipated to be in service mid-2019 (utilizing previously approved funding from the 2016-2018 Budgets);

- There is approximately $59.6 million in water supply assets that are in Very Poor condition representing 1.3 per cent of the total water supply system assets. Of this, $15.8 million is related to watermains, valves and connections. These assets, along with other priority watermain repairs, betterments and replacements, are being addressed with the $21.0 million approved in 2019 Water Supply Budget for watermain betterments and replacements, which represents an increase of $6.6 million over 2018 ($14.4 million). This increase was possible from the allocation of funding from the recently completed polybutylene water service connection replacement program, as well as a $0.4 million increase from the Asset Management Reserve Fund (for a 2019 total contribution from the Asset Management Reserve Fund of $4.6 million);

- For the Region's Sanitary Sewerage assets, approximately 0.4 per cent (with a replacement value of $17.8 million) are in Very Poor condition, primarily in linear assets ($14.0 million). The 2019 Sanitary Sewerage Budget includes $14.1 million to address these Very Poor assets as well as other priority sanitary sewer linear replacements and/or betterment needs. This represents an increase in funding of approximately $6.9 million over 2018 ($7.2 million), which is partially attributable to a $2.6 million increased contribution from the Asset Management Reserve Fund (total 2019 contribution from the Asset Management Reserve Fund of $5.1 million from $2.5 million in 2018); and

- While approximately $43.6 million of Regional facilities are in Very Poor condition (3.7 per cent), primarily associated with the DRLHC housing stock, previously and currently approved funding for the DRLHC housing stock is assisting in addressing needs, with an update on future needs to be refined and brought forward within the 2020 Social Housing Servicing and Financing Study and 2020 Business Plan and Budget.

5.4 The assets currently rated in Poor to Very Poor condition will continue to undergo assessment through the 2020 Business Planning and Budget cycle for continued investment. Ongoing maintenance and repair investments for assets in Fair to Very Good condition will continue through annual business planning and budgets.

6. Service Levels

6.1 Service levels are a key consideration influencing asset management planning and subsequent investment decisions. Assets must be maintained, repaired, rehabilitated and/or replaced in a timely manner to ensure services can be provided at approved levels.

6.2 The Region's asset related service levels are defined through:

- Council approved corporate plans, studies, strategic planning documents, policies, by laws, reports and goals and objectives;
- Best engineering and industry practices;
- Regulatory guidelines and/or requirements; and
- Other performance expectations as defined through multiple reports as approved by Regional Council.

6.3 This year's Asset Management Plan includes refined and new service levels for the Region's asset classes (as detailed in Attachments #3 to #9). Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure) prescribes specific service levels for core assets (water, wastewater, roads, structures, and storm management) that municipalities must track, measure, and report by July 1, 2021. With the refined and additional service levels in this year's Asset Management Plan, the Region is compliant with all these service level reporting requirements for water, wastewater, roads, and structures two years ahead of the specified deadlines (see Figure # 5 above). This year's Asset Management Plan also includes some new and refined service levels for non-core assets (e.g. Transit) that are not due until July 1, 2023.

6.4 Moving forward, Regional staff will complete the service level reporting requirements for storm management and report them in a future Asset Management Plan. In addition, service levels will continue to be refined to reflect evolving Regional Council approved goals, plans, policies, strategies as well as best engineering practices as part of best business practices.

7. Life Cycle Considerations

7.1 Life cycle refers to how assets are managed over their useful lives, from construction to disposal. Life cycle management involves determining the optimal timing and type of maintenance, repair, renewal, rehabilitation and replacement to maximize the value of that asset at its lowest possible cost over its life span.

7.2 Life cycle management is important as it improves the ability to predict, plan and include the necessary investments into business plans and budgets to undertake those optimal treatments at the appropriate time to maintain service levels while maximizing the life of the asset at its lowest cost.

7.3 Attachments #3 to #9 provide further life cycle considerations for each asset class including timing and type of repair, rehabilitation and operational treatments, the associated costs and investments in the 2019 Budgets to address them.

7.4 This year's Asset Management Plan is progressing work towards achieving compliance with the life cycle reporting requirements in the new provincial asset management planning regulation for municipal infrastructure (O. Reg. 588/17). Regional staff will continue to refine life cycle analysis as part of best business practices as well as to complete achievement of the life cycle reporting requirements specified in the new provincial asset management regulation (O. Reg. 588/17) by July 1, 2021 for core assets.

8. Risks Including Climate Change and Adaptation Measures

8.1 The Region proactively identifies and manages potential risks through its enterprise risk management program, including climate risk. The Region's Corporate Climate Change Staff Working Group also collaborates with asset and risk management teams in identifying key climate related risks to infrastructure, opportunities, and potential mitigation strategies.

8.2 The Region's asset management planning process includes consideration of those potential risks related to asset condition, health, and performance, as well as potential impacts to infrastructure due to climate related conditions. Mitigation strategies include efforts to ensure effective and coordinated response to potential risk events, ensure business continuity objectives, and address service interruption and quality issues.

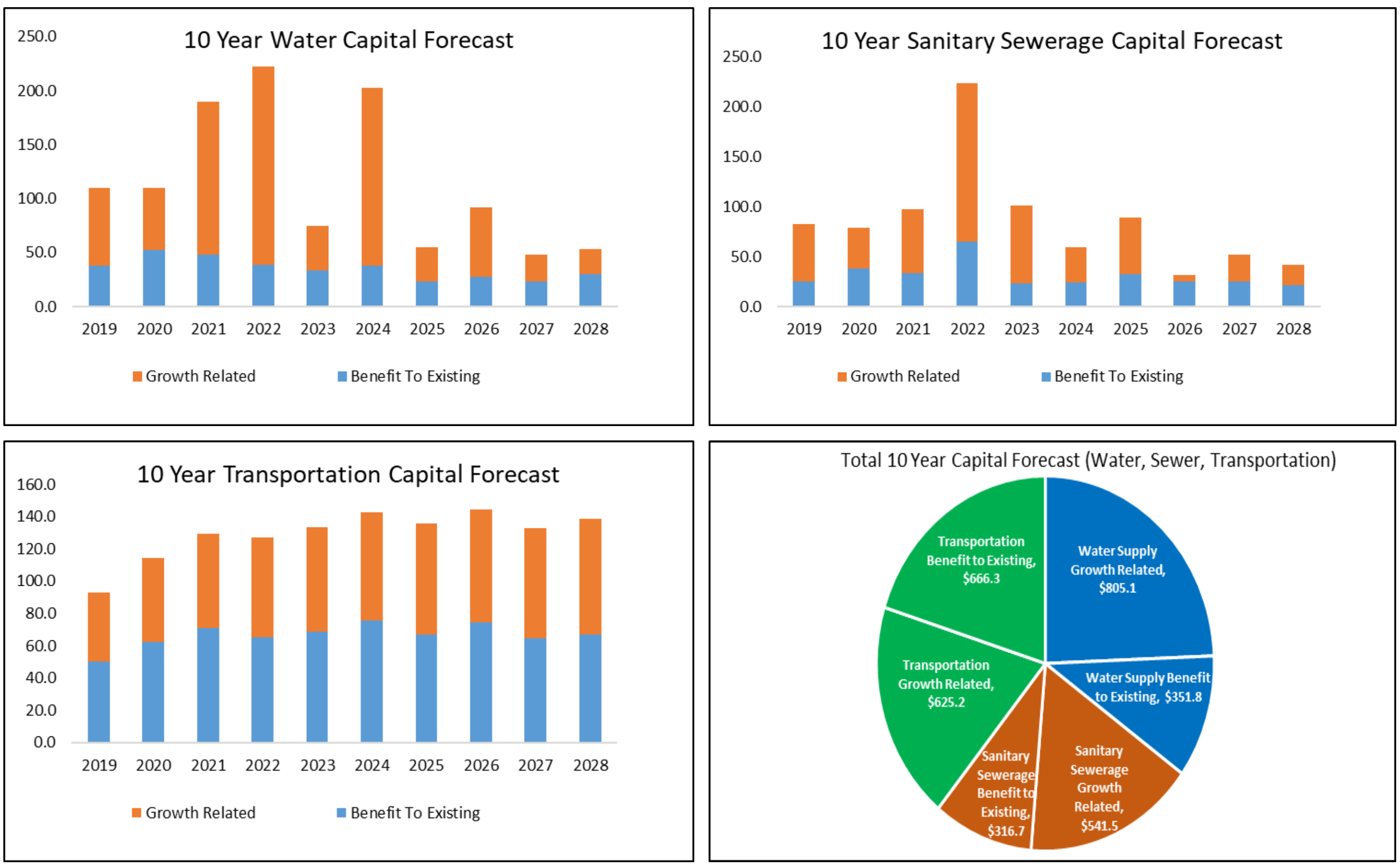
8.3 The asset class attachments identify asset management related risks and climate considerations and provides mitigation and adaptation measures and investments to address them through the Regional Business Plans and Budgets.

8.4 Risks and climate adaptation and mitigation related to Regional assets will continue to be monitored and addressed through the Region's Corporate Climate Change Working group, asset management working group teams and business planning process as part of best business practices. This will also allow the Region to continue to remain in compliance with the new provincial asset management regulatory reporting requirements (O. Reg. 588/17).

9. Capital Forecast (For Core Infrastructure) and Potential Funding Options

9.1 Major capital investments for water, sewer, and transportation (core assets defined and required to be reported per O. Reg 588/17) approved for 2019 and identified over the forecast period (as part of the 2019 Business Planning and Budget process) totals $3.3 billion (Region owned assets). Of this, approximately $1.3 billion (40 per cent) is for improving existing infrastructure and $2.0 billion (60 percent) is for new growth-related infrastructure expansion.

Figure 9: 2019 Budget and 2020-2028 Capital Forecast (Core Infrastructure) ($ millions)



9.2 For all Regional owned assets, the 2019 and 2020-2028 capital forecast totals approximately $4.1 billion for major capital infrastructure investments, of which $2.4 billion (58 percent) are for growth expansion needs and $1.7 billion (42 percent) are for improvements to existing infrastructure.

9.3 In addition to these forecasted major capital infrastructure needs identified over the next 10 years, investments are also made annually in the following capital assets, based upon associated life cycles and replacement schedules:

- Computer hardware and associated infrastructure;
- Building repairs and renovations (improvements);
- Vehicles (fleet replacement);
- Machinery and equipment; and
- Furniture and fixtures.

9.4 These capital investments are funded through annual departmental budgets, which in 2019 totaled $33.7 million for both new ($4.2 million) and replacements ($29.5 million).

9.5 Through this year's updated asset management plan, refined asset needs have been identified. Based on the above, the Region is facing significant asset needs for both new expansion capital and to improve existing infrastructure across all asset classes.

9.6 Prioritization of these asset management needs, refinement of the capital forecast and financing strategies will be updated through the 2020 financial and business planning process. The Region will continue to employ and refine as well as explore new and/or additional combinations of financing options to fund these capital needs through business planning and long-term financial planning (detailed report):

- Regional Roads Rehabilitation Reserve Fund;
- Regional Bridge Rehabilitation Reserve Fund;
- Asset Management Reserve Funds;
- Equipment Reserve (Works);
- Water Supply Treatment Plant/Rate Stabilization Reserve Fund;
- Sanitary Sewerage Treatment Plant/Rate Stabilization Reserve Fund;
- Provincial and Federal Gas Tax Revenues;
- User Rate Revenues;
- Property Tax Revenues;
- Development Charges; and
- Debt (with repayment over subsequent years).

10. Successful Asset Management Strategies and Accomplishments

10.1 Regional staff will continue to recommend short and long-term asset management strategies based on the following considerations below, which are reviewed, implemented and reported through multiple reports over the financial planning cycle. The annual asset management plan provides a consolidated approach (details provided in each asset class attachment):

- Continuation and expansion of service levels;
- Maintaining and improving the condition of assets;
- Optimizing life-cycle of assets;
- Minimizing asset related risks through mitigation controls;
- Furthering climate mitigation and adaptation measures; and
- Balancing growth-related demands.

10.2 The goal is to ensure assets are maintained to deliver services in accordance with corporate goals while complying with regulatory guidelines in a financially sustainable manner with tolerable risks mitigated through strategies and prudent and informed life cycle considerations.

10.3 Examples of successful asset management strategies include:

- Completion of the polybutylene water service connection replacement program three years ahead of schedule (seven years instead of ten years), with a financing strategy approved in 2011 (total of $92.6 million);
- Application of $13.2 million from the water and sewer asset management reserve funds into the 2019 water and sewer budgets to address priority needs, which is an increase of $1.8 million from 2018 ($11.4 million). Annual contributions to these funds were established in 2004 to provide sustainable funding for water and sewer asset renewal needs;
- Water meter, lead water service connection, and watermain replacement programs to address asset renewal needs, with funding allocated annually in the Water Supply Budget;
- The sanitary sewerage linear replacement program funded annually through the Sanitary Sewerage budget ($14.1 million in 2019, an increase of $6.9 million from $7.2 million approved in 2018);
- The Regional road rehabilitation and replacement program to address priority asset management road needs, funded annually through the Roads Rehabilitation Levy. This annual levy was established in 2001 ($1.2 million) and has increased over time (to $26.1 million in 2019). This has been further boosted with funding from the normal roads program (property tax) and the application of Federal Gas Tax funding in 2018 ($4.8 million) and 2019 ($7.5 million) to address the most critical rehabilitation and replacement needs;
- The Regional bridge rehabilitation and replacement program to address priority asset management structure needs, funded annually through the Bridge Rehabilitation Levy. This annual levy was established in 2008 ($0.7 million) and has gradually increased over time ($5.5 million in 2019). This has been supplemented with funding from the normal roads program (property tax funding);
- Various traffic asset replacement programs, including for traffic control signals and roadway safety program among others, which is funded annually through the Works General Tax Capital Budget;
- DRT's conventional bus replacement program has resulted in achieving an average conventional bus fleet age of approximately seven years of age (from

over 13 years of age in 2006). The approximate average fleet age of seven years old has been maintained since around 2012 with the use of Regional funding and strategic use of Provincial/Federal funding through DRT's Capital Budgets;

- Regular Works fleet replacements as they reach their expected useful life, utilizing the Equipment Reserve funded through the Works General Tax Capital Budget; and
- Evolving and improving condition assessment strategies for assets, (e.g. Building Condition Assessments for Region owned facilities) to identify asset needs, funded through the annual business plans and budgets.

10.4 Asset management strategies will continue to be reviewed, refined and created through the continuous year-round asset management planning process and will be reported in future Asset Management Plans with funding to be considered through the annual financial planning and budget process.

11. Next Steps

11.1 The infrastructure needs identified in this report will continue to be considered through the 2020 financial and business planning process, including the 2020 Budget Guideline Report, Servicing and Financing studies for major program areas, and detailed individual business plans and budgets.

11.2 Asset management staff will continue to work collaboratively to improve on the following tasks below as part of best business practices, as well as to meet the remaining asset management regulatory requirements due between 2021 and 2024. The specific next step tasks include:

- Refine data collection, methodology and analyses to improve asset management planning capabilities, reporting, strategies and recommendations that inform business plans and budgets, capital forecasts, and long-term financial planning strategies;
- Migrate reporting and analysis to specific municipal service-based categories (i.e. as opposed to asset class category);
- Continue to develop and refine service levels and performance measurement;
- Refine life cycle data, costing, and analysis to maintain as well as achieve future service level requirements. This will also better inform timing and type of maintenance, repair, rehabilitation, replacement, disposal, and/or new renewal expansion decisions to optimize the life cycle of assets at the lowest possible cost; and
- Continue to assess risk (including climate risk), business continuity, asset criticality, and asset reliability to refine existing and incorporate any new mitigation approaches as warranted.

12. Conclusions

12.1 The Asset Management Plan is the first step in the annual financial planning process. It identifies asset investment needs (based on the state of infrastructure, service levels, risks, life cycle, and climate mitigation and adaptation) and informs business plans and budgets and long-term capital forecasting and financial planning.

12.2 The collaborative and coordinated multi-disciplinary asset management team approach has supported several successful Regional initiatives, which are described within individual asset class attachments.

12.3 Asset Management is a key element of the Region's long-term financial planning practice, which is recognized as a best business practice.

12.4 The results contained in this report also highlight that the Region is compliant with senior government requirements as well as with almost all the phase 1 new Ontario asset management planning regulatory requirements (O. Reg. 588/17), two years ahead of schedule (due by July 1, 2021).

12.5 Regional staff will continue to refine the annual asset management planning and reporting as part of best business practices. As a result, the Region is well positioned to meet the remaining requirements of the new asset management planning regulation due between 2021 and 2024 as well as compliance with various other requirements.

Respectfully submitted,

Original Signed by Nancy Taylor

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Original Signed by John Presta for

Susan Siopis, P.Eng.
Commissioner of Works

Recommended for Presentation to Committee

Original Signed by Elaine C. Baxter-Trahair

Elaine C. Baxter-Trahair
Chief Administrative Officer

If you require this information in an accessible format, please contact 1-800-372-1102 ext. 2305

The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Works, Commissioner of Finance, and Commissioner of Corporate Services
Report:	#2019-COW-17
Date:	June 12, 2019

Subject:

Organics Management Next Steps and Updated Preliminary Business Case.

Recommendations:

That the Committee of the Whole recommends to Regional Council:

A) That approval be granted for the Region to proceed with Council's preferred long-term organics' management technology solution, with the capital project to include both a mixed waste transfer and pre-sort facility and an anaerobic digestion (AD) organics management processing facility with the specific financing to be approved at time of Request for Proposal (RFP) issuance and confirmed at the time of RFP award;

B) That wet anaerobic digestion be approved as the Region's technology for processing organic materials, to maximize diversion, including Green Bin organics and the organic fraction of mixed garbage wastes;

C) That the Region's service delivery approach for implementing the Region's long-term organics management solution include public ownership of the transfer/pre-sort facility and AD organics management processing facility with a long-term (15-25 year) single contract to be obtained from the private sector to design, build, operate and maintain (DBOM) the facilities;

D) That procurement follow a two-step Request for Proposal Qualifications (RFPQ) and Request for Proposal (RFP) process, in which:

   a. The RFPQ shall include appropriate requirements for financial capacity (construction, bonding, operations) together with technical requirements, to be issued with the list of recommended prequalified companies (to participate in the subsequent RFP) to be presented to Regional Council for approval in fall 2019; and

b. The subsequent RFP process shall be issued together with the design-build-operate-maintain contract to reduce the need for protracted negotiations prior to financial close.

E) That Regional staff be authorized to retain GHD Limited (GHD) to act as the owner’s engineer, at a cost not to exceed $800,000 to be funded from the existing capital project funds, for the following scope of work:

a. Development of a detailed project implementation schedule setting out key activities and milestones for the execution of the project;

b. Undertake the siting evaluation and environmental compliance approvals and permitting application for transfer/mixed waste pre-sort and AD facilities within Durham Region; and

c. Support both the RFPQ and RFP processes, including development of technical documentation and evaluations.

F) That the updated 2019 preliminary business case for the Region’s recommended transfer/mixed waste pre-sort and AD facilities be received for information, recognizing that an update will be provided as part of the recommendation to Regional Council to proceed with RFP issuance once uncertainties around key parameters are resolved (e.g. siting and haulage implications, project implementation timing and site specifications, energy and other by-product preferences, available connections, revenues, costs and implications due to evolving regulatory requirements);

G) That an independent third-party fairness monitor be retained at a total cost not to exceed $100,000 to oversee subsequent procurement processes as approved by Regional Council to protect the Regional Municipality of Durham and to ensure fairness and transparency on behalf of vendors and other stakeholders, and that the selection of the fairness monitor be made at the discretion of the Chief Administrative Officer and Commissioner of Finance;

H) That external legal counsel be retained at a cost not to exceed $125,000 to provide advice for the next steps of the long-term organics management solution and assist in the procurement process and contractual arrangements; and

I) That Regional staff report back to Regional Council on the results of the following to seek further direction:

a. The feasibility of a potential partnership/joint venture with the preferred proponent identified through the Expression of Interest (EOI-1152-2018 to solicit interest in a partnership to procure, finance and share the net costs arising from the development and implementation of the Region’s long-term organics waste management solution project), and whether negotiations to establish this partnership/joint venture should commence;

b. The evaluation of siting (i.e. location) and environmental compliance approvals and permitting application requirements for the transfer/mixed waste pre-sort and AD facilities within Durham Region;

c. A detailed project implementation schedule, including key activities and milestones, to progress the implementation of the Region's long-term organic's management solution; and

d. Recommended timing and approval to initiate the RFP, based on resolution of uncertainties around key parameters (e.g. siting and haulage implications, project implementation timing and site specifications, energy and other by-product preferences, available connections, revenues, costs and implications due to evolving regulatory requirements).

Report:

1. Purpose

1.1 The purpose of this report is to seek approval of the next steps for the long-term organics management solution, including proceeding with a mixed waste transfer and pre-sort facility and anaerobic digestion (AD) (utilizing a wet technology) under a design, build, operate and maintain (DBOM) service delivery approach.

1.2 This report also provides an update and next steps to solicit a business partnership for the Region's long-term organics management solution pursuant to EOI 1152-2018 (EOI). Additional technical and procurement expertise is also required to assist the Region in subsequent procurement processes anticipated in 2019. This report provides the updated preliminary business case results as well as the investigation of the beneficial uses of the by-products from an AD facility.

2. Background

2.1 In June 2018, Regional Council approved Report #2018-COW-146, which directed staff to report back on the following, which are addressed in this report:

a. That anaerobic digestion with a mixed waste transfer and pre-sort facility be approved as the preferred technologies for the Regional Municipality of Durham's long-term organics management strategy;

b. That the development of a Phased Project Implementation Plan be authorized to consider the merits of a first phase with a transfer station capable of accommodating pre-sort capabilities;

c. That future business analysis of a mixed waste pre-sort, and organics processing service delivery approach for a potential long-term organics management solution, be limited to either i) a private sector service contract or ii) a design-build-operate and maintain public-private partnership (P3) contract;

d. That staff be directed to explore options, including confidential non-binding and procedurally fair discussions with interested partners including Request for Information Respondents, regarding partnerships, joint ventures, public-private partnership, co-ownership, or other forms of participation in order to bring available market and other financial information forward for consideration by Regional Council regarding a potential relationship as part of the long term Organics Management Strategy, and more specifically an anaerobic digestion facility; and

e. That an investigation of the benefits from Regional use of the potential energy and other by-products and environmental attributes be undertaken and compared to those benefits that may be realized through potential business partnerships.

2.2 On May 15, 2019, Committee of the Whole (Report #2019-COW-8) received an update along with specific recommendations for additional technical and financial expertise to assist Regional staff in progressing to the next steps.

2.3 Based upon Regional Council approval, Regional staff retained Deloitte LLP who have provided peer review of the preliminary business case update.

2.4 Regional Council deferred the following two recommendations from Report # 2019-COW-8, which are in this report for Regional Council approval:

- That procurement expertise and advice be retained at a total cost not to exceed $100,000 to engage an independent third-party fairness monitor to oversee subsequent procurement processes as approved by Regional Council to protect the Regional Municipality of Durham and to ensure fairness and transparency on behalf of vendors and other stakeholders with the procurement process to be determined by the Chief Administrative Officer and Commissioner of Finance; and

- That external legal counsel be retained at a cost not to exceed $125,000 to provide advice for the next steps of the long-term organics management solution to assist in the procurement process and contract arrangements.

3. Recommended AD Facility with a Mixed Waste Transfer and Pre-Sort Facility

3.1 In the analysis of potential phasing, it has been determined that the development of a phased implementation plan was not in the Region’s best interest.

3.2 A transfer/pre-sort facility accepts all the residual garbage from single family residences and multi residential properties and then separates out the recyclables and organics from the garbage. The recyclables will be sent to market while the sorted organics will be processed by the AD along with Green Bin organics and converted into energy and fertilizer. The remaining residue waste will be processed at the Durham York Energy Centre (DYEC).

3.3 Significant advantages can result from co-location, including:

- Minimizing haulage and transportation costs and logistical efficiencies and cost savings;
- Reduced odour and greenhouse gas (GHG) emissions; and
- Increased operational efficiencies and flexibility and reduced risk.

3.4 In consultation with GHD, it was determined that the transfer/pre-sort facility and AD should be operated by the same entity to reduce Regional risk. It was also determined that siting and implementation should be conducted together to avoid capital and operational inefficiencies.

3.5 While co-location requires a larger site, opportunities and challenges of potential sites will be identified, reviewed and addressed with the assistance of GHD (i.e. to complete their original 2016 Part 3 consulting proposal) at a cost not to exceed the original Owner's engineer contract of $800,000. It is recommended that approval be granted to proceed to implement together a mixed waste transfer/pre-sort facility with AD facility, as the Region's project for the long-term-organics management solution.

3.6 Currently, the organic and recyclables in the mixed waste are all combusted in the DYEC. In terms of mixed waste pre-sort and organics processing systems, there are a wide range of technologies available throughout the world. Mixed waste pre-sort systems are not common in Canada. There are two facilities in operation, at a scale approaching the requirements of the Region, located in Edmonton and Halifax.

3.7 A mixed waste pre-sort and transfer station, with AD facility can achieve increased waste diversion, green energy production, and resource recovery of non-combustibles such as ferrous and non-ferrous metals, inert items like glass and grit.

3.8 The implementation of a Provincial organics ban, as identified in the Ontario Organics Action Plan, along with the planning of the mixed waste pre-sort system would ensure the Region is in full compliance with any organics ban regulation.

3.9 It is recommended that the Region proceed, at the same time, with the full mixed waste transfer pre-sort and organics management processing system to mitigate risk. Developing the pre-sort, transfer and AD facility together, and having the same company complete the design, build, operate and maintain ensures the Region can significantly mitigate the input and output quality risks and key project deliverables of increased diversion and green energy production.

3.10 The advantages of co-location of the transfer station pre-sort, transfer station with the anaerobic digestion facility are:

- Minimize double handling of waste materials;
- Provide a better opportunity for greater recovery of higher quality organics and recyclables;
- Minimize haulage between the sites;
- Reduce potential odour issues and combined operations reduces the need for multiple odour control systems;
- Operational efficiencies for staffing and equipment; and
- Business continuity planning and ability to react to unexpected operational upsets.

4. Recommended Organics Management Technology-Wet AD

4.1 The selection of an AD technology, either dry or wet, is key to the overall operating success of the facility and is important in providing vendors with additional certainty up-front as they decide whether to participate in the Region's recommended RFPQ-RFP process.

4.2 The AD technologies were reviewed as part of the GHD report "Background Research, Technical and Options Analysis" date June 21, 2017. The differences in wet anerobic digestion and dry anerobic digestion are that in wet AD, the feedstock is pumped, heated and stirred (5-15 percent solids) and in dry AD it can be stacked (over 15 percent solids) with inoculant (bacteria seed) sprayed over the top of it which percolates through the material, breaking it down over a longer retention time. Wet systems have a successful track record in treating low solid materials such as municipal wastewater and food waste.

4.3 The composition of the incoming feedstock is an important consideration when assessing AD technologies. Since the organic fraction recovered from the mixed waste pre-sort facility has a higher contamination rate, the wet AD technology will be better suited to recover the bio-fuel and produce marketable by-products from the digestate. The wet AD technology would also have a:

- reduced footprint;
- increased feedstock characteristics;
- reduced retention time;
- better energy balance;
- more flexible digestate management; and
- better economic performance.

4.4 The decision to proceed with a wet AD technology allows the range of business case analysis of capital, operating and maintenance costs to be narrowed.

4.5 Therefore, it is recommended that wet anaerobic digestion be approved as the technology for processing the Region's organic materials.

5. Recommendation to Proceed with Siting Investigations

5.1 The RFPQ will indicate to the prospective bidders that the Region is undertaking a site selection exercise that will consider transportation logistics, compatible land uses, potential synergies with existing facilities and the available utilities and grid proximity. In addition, a commitment by the Region to site the project enhances bidder confidence in the process, results in an expanded vendor pool and can significantly reduce longer-term implementation costs.

5.2 The results of the site investigation review and recommended site(s) will be presented to Regional Council prior to the issuance of the RFP.

5.3 It is recommended that Regional staff retain GHD to proceed with the detailed project implementation schedule development and complete a siting evaluation. An examination by GHD will be undertaken related to environmental compliance approvals and permitting application requirements, given their expertise and experience in the field of anaerobic digestion. GHD would be the owner's engineer to provide support to RFPQ and RFP development and evaluations.

6. Recommended Service Delivery Approach: Design, Build, Operate and Maintain (DBOM)

6.1 On June 13, 2018, Regional Council approved Report #2018-COW-146 implementing the long-term organics management solution either through a private sector service contract or a public-private-partnership approach (P3), based on a design, build, operate and maintain (DBOM) contract as follows:

> *"C) That future business analysis of a mixed waste pre-sort, and organics processing service delivery approach for a potential long-term organics management solution be limited to either i) a private sector service contract or ii) a design-build-operate and maintain public private partnership (P3) contract"*

6.2 Under the DBOM model, the design, construction, operation and maintenance related to the asset(s) would be procured under a single long-term contract with a private sector partner. Under this model, the Region would either own and finance construction of any new capital assets or could partner with a business or government entity for both the investment and the procurement and implementation process. A private sector consortium would be responsible for design, construction, operation and maintenance of the facility, secured separately through the RFPQ-RFP process.

6.3 In contrast, the private ownership model would involve contracting services from a private sector waste service provider utilizing a facility or facilities fully owned and operated by the private sector. The Region would enter into a service provision contract, for mixed-waste transfer/pre-sort and organic waste processing. Under a service contract the Region would deliver waste from curbside collection programs to the private sector facility(ies) and would be charged a processing fee by the merchant/private sector partner in addition to payment for all costs related to the haulage and transportation of both mixed garbage wastes and organics to the private sector facility/facilities.

6.4 As part of the identified next steps (Report # 2019-COW-8), additional analysis of the two service delivery options shortlisted by Regional Council was completed. Analyses of the service delivery approaches focused on assessing criteria related to three broad categories:

a. The level of Regional ownership and control;

b. The degree of risk transfer to the private sector; and

c. Business/financial considerations.

Ownership and Control

6.5 A DBOM model will provide the Region with greater control over its long-term organics management system than a private sector model. It is in the Region's best interest to maintain a level of control over this project to sustain a long-term solution for the Region that can react to both community and environmental needs in a fiscally responsible manner. Under a private sector model, the Region is relinquishing much of that control to a third party.

6.6 Control is the greatest where there is Regional ownership of a local site and facilities, since this allows the Region to react to its waste management requirements with the least amount of outside influence.

6.7 Under the private sector option, haulage and transportation costs are also less certain and operational risks are increased, with potential impacts to Regional, as well as Oshawa and Whitby collection costs. Under a DBOM model, haulage and transportation costs, including collection cost impacts, can be minimized, since siting under this option would ensure facilities are located within Durham and that co-location benefits are maximized to the extent possible, considering siting and all requirements for waste collection, transfer haulage and residue management.

Regional Risk Mitigation

6.8 It is important to note that the elimination of all risks related to a large and complex infrastructure project is not possible. However, risks can be mitigated through service delivery and contract development to ensure that each identified potential risk is managed by the party best able to control or manage it.

6.9 Both the DBOM and private sector service models provide for significant risk transfer to the private sector. However, the analysis determined that the DBOM model transfers the greatest risk away from the Region and ensures adequate Regional oversight over the long-term organics management. Under a DBOM contract, most risks can be either transferred to the private sector or mitigated through contractual performance specifications and securities.

6.10 As previously reported, GHD Limited and Ernst and Young Orenda Corporate Finance Inc. (E&Y) consultants completed and reported on a detailed risk assessment completed for the Region, including assessment of 20 identified risks, their potential impacts and the probability of occurrence under various potential service delivery models (e.g. potential for regulatory changes, environmental impacts, cost escalation etc.). The consultants investigated the level of risk retained by the Region under each service delivery model and concluded that DBOM is a preferred approach.

6.11 While the Region would be expected under either model to retain risks that are beyond the control of any private sector entity (e.g. regulatory changes, Regional scope changes or changes in strategic direction etc.), the private sector DBOM contractor would accept responsibility for any risk related to their technology, design, construction or operational impacts (e.g. environmental impacts, failure to meet performance standards, or failure to ensure by-product/energy outputs can meet market requirements).

6.12 The Region conducted market sounding with Request for Information (RFI 1158-2017) and a majority of the 19 responses from the private sector indicated that a DBOM service delivery would be most appropriate. DBOM reflects recent experience in North America. DBOM contracts allow for the setting of project performance and levying securities to ensure appropriate operational quality, monitoring, reporting and environmental standards. Furthermore, contractual arrangements link the performance of private sector operations to the facility design build, ensuring that technical and operational risks are transferred to the private sector partner. The level of performance control is reduced under a private sector contract with facility ownership by the private sector.

6.13 As identified in June 2018 (Report 2018-COW-146), recently both the City of Toronto and the Region of Peel completed a procurement process for organic food waste processing capacity through a service contract but received very limited responses. Both municipalities determined the best option from an economic and environmental point of view was to proceed with a Regional ownership model utilizing DBOM.

6.14 Market risk has been identified with the merchant capacity option (i.e. private sector service contract) including those related to the currently under-developed organics processing market available to utilize AD technology for both Green Bin and mixed waste organics diversion. While the preliminary business case anticipates comparable costing across both service delivery models under consideration, the private service tipping fee assumption is more subjective, given there are limited facilities available in the current market to provide an adequate market sounding.

Business/Financial Considerations

6.15 This category recognizes the importance of ensuring affordable and managed costs and cost predictability over the life of the long-term organics management solution, including planning and development costs, financing and funding costs and project costs for design, construction, operations and life-cycle management.

6.16 The DBOM model is more beneficial in terms of minimizing Regional risks of cost escalation over the long-term contract and transfers the greatest operational risk to the contractor as compared to the private sector service contract model.

6.17 A key mitigation factor in this regard is the ability through DBOM to bundle the design-build and operate-maintain components of the project into a single contract. Not only does this incent the private sector to complete design-construction on time to begin collecting operations fees as soon as possible, any risk of failure to meet performance standards and targets is fully transferred to the private sector who also designed and constructed the project and faces potential significant penalties in the unlikely event of non-performance.

6.18 Cost escalation over the long-term contract is mitigated during construction by having the performance payments tied to pre-defined construction performance milestones and fixed escalation benchmarks for construction (set at notice to proceed) as part of the DBOM contract. Operational cost risk is minimized as fees are tied to pre-determined price indices over a potential 20-year term and include capital life-cycle costs and requirements for the good state of repair of facilities as part of the operating fee and private sector responsibility.

6.19 It is recommended that DBOM be approved as the Region’s service delivery approach for implementing the Region’s long-term organics management solution. While both short-listed service delivery options could provide long-term organics management solutions and harness private sector specialized technologies and innovation, DBOM:

a. Provides enhanced ownership and control along with significant risk transfer;

b. Reduces operational and technology risk; and

c. Allows provision of a full infrastructure solution with a lowered risk of cost escalation or other potential impacts to the Region’s integrated waste management system.

7. Procurement Considerations

7.1 It should be noted that DBOM service delivery is a more rigorous procurement process than a merchant capacity contract and includes more significant professional services requirements ahead of RFP issuance. This up-front due diligence however often results in faster project implementation once a preferred vendor is selected. Project management and retention of professional services experience/expertise can range upwards of 7 to 12 per cent of project costs. This professional specialized expertise for project development will reduce both overall project costs and risks over implementation and long-term operations over the life cycle of the project. This strategy is considered a prudent up-front investment.

7.2 Release of the RFP is generally contingent on the Region's efforts in siting and initial permitting, and the commitment to ensure off-site services. Furthermore, bidders need enough time once the RFPQ is issued to establish a suitable consortium adequate to provide a full infrastructure solution which would meet Durham's long-term 15-25 year requirements.

7.3 The draft contract, generally refined based on RFPQ technologies, can be released with the RFP to the pre-qualified consortia, to reduce the need for protracted negotiations between RFP award and notice to proceed.

7.4 All efforts up-front during specification and contract development and procurement will reduce schedule delays and uncertainties later in the project implementation process.

7.5 Uncertainties even at the RFPQ stage can lengthen the procurement process and lower vendor confidence, thereby potentially reducing the competitive vendor pool. It is prudent that the RFPQ identify service delivery methodology as well as provide for general commitments by the Region (e.g. commitments to provide a future site, site servicing and financing to the project as well as mass balance (tonnage) projections, commitment to put-or-pay and technology identification). The bid cost for potential vendors is high and they will judge the Region's commitment up-front, as well as determine the project's required partners/resources in determining whether they will participate. It is in the Region's interest to maximize competition and attract the highest quality bidders by maximizing the flow of information to the bidders which will ensure the greatest understanding of requirements.

7.6 Approved financial and business advisory services will be utilized to ensure development of appropriate financial capacity requirements related to the recommended RFPQ. Looking forward to potential Council approval of a subsequent RFP issuance, external expertise will also be utilized to develop appropriate risk balance parameters to inform the ongoing project development.

8. Expression of Interest Update

8.1 As outlined in 2019-COW-8, the Region released a non-binding Expression of Interest on October 23, 2018 (EOI-1152-2018) to solicit interest in a partnership to procure, finance and share the net costs arising from the development and implementation of the Region's long-term organics management solution project.

The Region released the EOI as a precursor to a service delivery RFPQ and RFP on the project.

8.2 The EOI involved two phases. Phase 1 was a written response and Phase 2 was in person presentation. The EOI evaluation team, comprised of staff from Works, Finance and Legal Services (“EOI Evaluation Team”), evaluated the responses and presentations in accordance with the following core principles outlined in the EOI:

a. Will the Region benefit from the Company’s proposed type and level of investment in the project?

b. What net benefits, financial or otherwise, can the Region expect from a partnership with the Company after considering the Company’s expected share of any environmental attributes, beneficial by-products and/or potential net revenues arising from the project?

c. How will the Company contribute to the Region, including the Region’s overall economic development?

d. Did the Company present any conditions to a Business Partnership that will impede or substantively constrain the project?

8.3 On November 12, 2018, the Region received nine submissions in response to phase 1 of the EOI. Of the nine, seven of the submissions appeared to be proposals relating to service delivery on the project. Pursuant to the express terms of the EOI, these submissions were not considered. As such, only two companies, Epcor and Meridiam, were asked to participate in the Phase 2 presentation stage.

8.4 Epcor is a corporation that is wholly owned by the City of Edmonton, however their Board of Directors remains independent from the City. Epcor is a for-profit commercial entity that invests in power, water and natural gas projects throughout Canada and the United States. Epcor has $500 million available for investment in Ontario.

8.5 Meridiam is a global investment company with 71 ongoing projects worldwide. Meridiam is a for-profit commercial entity that invests in energy, works and health related projects. While Meridiam does not have substantive roots in the Canadian market, they do have a North American investment fund of $1.2 billion and are keenly interested in entering into the Canadian market.

8.6 During the Phase 2 presentation, the EOI evaluation team determined that both companies met the EOI evaluation thresholds and did not present any significant conditions or restraints that would impede or substantively constrain the project. As such, the EOI Evaluation Team recommended that senior management interview both respondents to determine whether a business partnership/joint venture is viable with either entity.

8.7 On May 28, 2019, both respondents sent representatives to meet with the Region’s

CAO, Commissioner of Finance, Commissioner of Works and Director of Legal Services. Senior management reached a consensus on the preferred respondent pending background due diligence.

8.8 As such, the EOI evaluation team will proceed with industry due diligence and verification of financial viability for the preferred proponent. Once that process is complete, staff will return to Council with the appropriate recommendations seeking Regional Council direction. Specifically, staff will return to Regional Council to provide recommendations and seek direction on whether a partnership/joint venture with the preferred proponent is viable and whether negotiations to establish this partnership/joint venture should commence.

9. Updated Preliminary Business Case

9.1 Additional information has allowed staff to update some of the preliminary business case assumptions and scenarios:

- Actual household and tonnage values for 2018 and updated projections for household growth and tonnage through to 2041, inclusive;
- Updated recoverable organics from mixed waste and other divertible materials based on the results of the recently-completed waste composition study;
- Updated contract rates, escalations and assumptions for transfer, organics and leaf and yard waste processing, landfill and recoverable materials revenues;
- Consideration of the pre-sort and transfer function assuming a service-contract delivery with processing assumed on a contracted cost per tonne basis (modified from the June 2018 assumption of a Regional upfront capital infrastructure cost for transfer/pre-sort facility);
- Alternative costing for varied organics processing capacity sizing assumptions given the uncertainties around future household, tonnage and waste generation rates; and
- Consideration around potential net financial benefits from alternate biogas utilization opportunities available to the Region.

9.2 The cost analysis will continue to remain preliminary and will be refined as project scope, sizing and technology becomes better defined and details around siting, permitting, ancillary costs and potential by-products (including energy) and net financial benefits become known.

9.3 As the Region is planning for significant growth over the coming decades, waste diversion opportunities are available through both single family and multi-residential sector waste streams. Table 1 outlines base scenario estimates for projected mixed waste which would work through the pre-sort, processing, and disposal process.

Table 1: Residual Mixed Waste Projections (tonnes per year)

Year	2018	2022	2026	2031	2036	2041
Single Family (SF)	80,900	88,000	99,300	115,300	124,100	132,900
Multi Residential (MR)	14,000	15,100	16,900	19,600	21,400	23,200
Total	**94,900**	**103,100**	**116,200**	**134,900**	**145,500**	**156,100**

Note: Assumes constant tonnage per household per year over 2020 to 2041 period.

9.4 Through the updated waste composition study, the mass balance assessment for projected recoverable organics potentially available through the pre-sort process under the base growth scenario is outlined in Table 2.

Table 2: Total Projected Recoverable Organic Material (tonnes per year)

Year	2018	2022	2026	2031	2036	2041
Organic Fraction Mixed Waste	32,300	35,100	39,600	46,000	49,500	53,200
Source Separated Organics*	28,500	31,000	35,000	40,900	44,100	47,100
Total	**60,800**	**66,100**	**74,600**	**86,900**	**93,600**	**100,300**

Notes:

1. Assumes constant tonnage per household over 2020-2041 period.
2. Estimates do not include any additional sources of organics other than what is collected in the Region's current systems.
3. Organics Fraction Mixed Waste (OFMW) total includes projected recoverable amount of fibres, pet and sanitary waste. Totals are prior to AD pre-processing.

9.5 With recoverable organics removed from the mixed waste stream, additional products such as metals, aluminum, fibres, different grades of plastics, and glass are recovered and sent to their respective recyclables' markets for reuse. Ferrous and non-ferrous metals that are currently recovered at the DYEC would be recovered upstream at the pre-sort process. The mixed waste transfer and pre-sort system would divert materials currently processed at the DYEC and create capacity necessary to accommodate the increase in waste garbage created by projected population growth while working towards the Region's 70 per cent diversion rate.

9.6 Updated preliminary cost estimates for the recommended AD organics processing facility, including a facility for transfer and pre-sort of mixed waste, are as follows:

- With the support of technical consultant GHD, base unit costs for both capital and operating have been revisited and show to still be within the cost range when compared to similar facilities/projects. The up-front capital costs for transfer/pre-sort and organics processing are estimated at approximately $164 million under the base costing scenario, including land, with $42.3 million attributed to pre-sort/transfer, $116.3 million for AD facility and $4.8 million for land (not including biogas upgrading and injection facility). Sensitivity analysis suggests that capital costs could range from $125 million to $204 million;

Table 3: Organics Management Solution: Updated Preliminary Capital Cost Estimate

	$ millions
Land	
Pre-Sort/Transfer Facility	2.4
Anaerobic Digestion Processing Facility	2.4
Land Sub-Total	4.8
Capital	
Pre-Sort/Transfer Facility	42.3
Anaerobic Digestion Processing Facility	116.3
Capital Sub-Total	**158.7**
Total Estimated Capital Cost	**163.5**

- The AD and pre-sort and transfer facility operating and maintenance costs during the first year of operations are estimated at $19.3 million using base cost assumptions (including annual lifecycle costs and other recycling revenues). Costs could increase by an additional $15 million to $26 million per year for debenture financing costs as necessary to finance the initial capital investment (not including biogas capital) based on low and high capital design cost per tonne ranges. The estimated debt financing costs for the base cost is $20.5 million. These financing implications could be affected by a potential EOI partnership to be determined.

- In contrast, the service contract cost option which yields the same net present value over the assumed 20-year operating period shows total first year operating costs of just over $25.7 million, with no assumed ownership of pre-sort/transfer and organic processing facilities.

9.7 Table 4 provides an overview of potential first year operating expenditures for the Status Quo scenario versus the AD option and a service contract scenario for pre-sort/transfer and AD organics processing which yields the same net present value over an assumed 20-year operating period.

Table 4: Status Quo Compared to Expanded Organics Processing – Annual Preliminary Cost for Assumed Full First Year of Operations (Nominal Dollars)

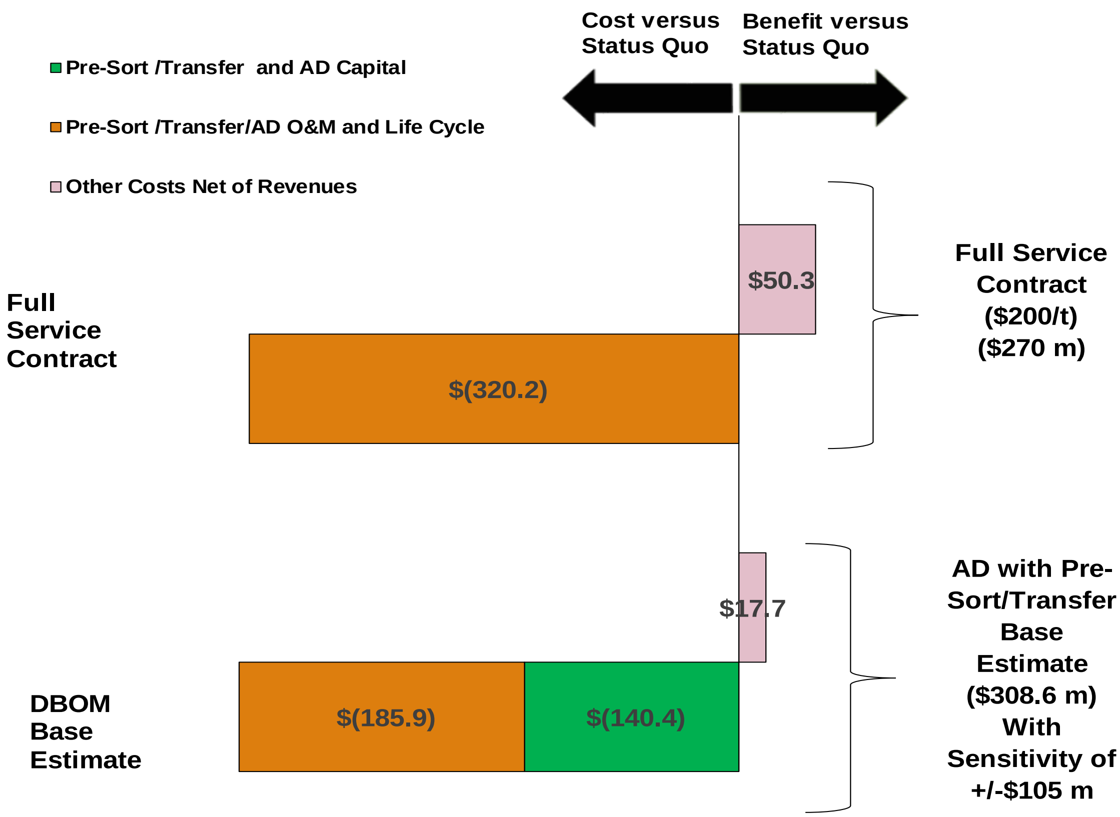
	Status Quo	Council-Directed Options: AD DBOM	Council-Directed Options: AD Service Contract ($200/t)
	(31,000 tonnes)	(66,100 tonnes)	(66,100 tonnes)
	$ millions	$ millions	$ millions
Pre-Sort/Transfer Costs:			
Annual Pre-Sort Transfer Costs	-	9.7	12.1
Less: Recycling and EPR Revenues	(0.5)	(1.6)	(1.6)
Total Pre-Sort/Transfer Operations	**(0.5)**	**8.1**	**10.5**
Organics Processing Costs:			
Annual Processing Costs	6.4	8.8	14.2
Other Costs (by-product management, disposal)	2.1	2.4	1.0
Total Pre-Sort/Transfer Operations	**8.5**	**11.2**	**15.2**
Debt Service Payment	**-**	**20.5**	**-**
Net Operating Cost	**8.0**	**39.9**	**25.7**

Notes:

1. Assumes no biogas system capital or operating costs as well as no revenues included for biogas. Also assumes no excess capacity sales and no leaf and yard waste processing costs.
2. Projected organics tonnages are for the first year of assumed operations of 2022 and timing will be determined as project progresses. Debenture based on cost sensitivities outlined, could result in annual debt servicing cost upwards of $26 million assuming total capital upwards of $200 million. Debt service payment under the base cost scenario would be $20.5 million based on the capital cost of $163.5 million.
3. Includes transfer of residuals for disposal at DYEC and/or landfill, where applicable. AD DBOM includes cost for disposal of produced digestate.

9.8 Table 5, adjusted for recyclable revenues, demonstrates that overall net present value cost for AD with pre-sort and transfer versus the status quo to be within a similar range to the preliminary findings of Report 2018-COW-146. Comparisons are made to the base AD cost scenario excluding other disposal costs (assuming avoided disposal cost in digestate assuming marketable opportunity) as well as the low and high cost scenarios in addition to service contract option assuming organics processing at $200/tonne.

Table 5: Net Present Value (2019 Dollars) – Preliminary Service Contract and AD Cost Scenarios and Sensitivity Analysis



Notes:

1. Net present values do not include revenues for excess capacity sales, biogas or other by-products. Haulage costs are not included.
2. Capital cost, operating and lifecycle cost for biogas upgrading not included.
3. Service contract option assumptions have been revised to assume pre-processing residuals are responsibility of contractor, which would lower residuals for disposal and landfill costs.
4. Capital and operating costs remain as the primary cost drivers for the project. Based on the preliminary nature of project information, a +/-25 per cent change to the capital construction cost-per-tonne to pre-sort/transfer and organics processing infrastructure has a total incremental impact of +/-

$45 million (2019 dollars, not including biogas upgrading capital) on the base net present value of $308.6 million. Similarly, a +/-25 per cent change to operating costs for pre-sort/transfer and organics processing has an incremental facility operating impact of +/- $60 million (2019 dollars) on the base net present value of $308.6 million.

9.9 While the service contract option at $200/tonne still shows as slightly more cost effective versus the base AD costing scenario, the low and high cost sensitivities presented indicate the potential for an AD DBOM scenario to be lower than a service contract option. Further opportunities for cost offset may exist where disposal costs for by-products (digestate) are avoided and/or revenues realized, and where net financial benefits are made possible through resultant biogas production. Furthermore, the implications of haulage, which have been excluded, can be significant, especially if comparing potential costs for centrally-sited organics processing under DBOM service delivery versus externally sited organics processing under service contract.

9.10 As indicated previously in this report, based on the recent experiences of both the City of Toronto and the Region of Peel, there is limited merchant capacity in Ontario.

9.11 Costs can also be impacted by numerous other factors including, but not limited to, variations in technology options, pre-sorting and/or processing capabilities and requirements (i.e. odor control, storage for by-products), capacity sizing, inflationary factors and siting requirements including potential servicing. Given the cost ranges presented, more refined costing estimates will be developed as AD and pre-sort and transfer detailed design specifications and costing become scoped.

10. Facility Sizing, Capacity, and Utilization Sensitivity Analysis

10.1 Consistent with the 2017 and 2018 preliminary business case updates, this updated analysis assumes 110,000 tonnes of organics processing capacity for the AD facility and 160,000 tonnes of capacity for the pre-sort/transfer facility. However, as facility sizing from prior preliminary business case updates assumed organics processing capacity to address 20-year requirements, revised tonnage projections and changes in waste composition and recoverable organics amount suggest potential capacity sizing for organics processing of 5,000 to 10,000 tonnes less. An AD facility reduced to 100,000 tonnes of organics processing capacity would be result in potential costs being approximately $12 million (2019 dollars) less due to reduced capital and life cycle costs.

10.2 As noted above, a key risk to overall costs are attempting to project tonnages and waste compositions 20 years into the future, driven in part by uncertain household growth projections. A lower growth scenario (closer to recent average household growth rates) would impact the updated preliminary business case in a number of ways:

- Decline in projected incoming SSO and OFMW with absolute tonnages in 2041 declining by approximately 15 per cent from the base projection;
- Resultant decline in potential biogas output by approximately 25 to 30 million cumulative cubic metres (m^3) over a 20-year operating period;
- Decline in total cumulative digestate/compost tonnage output of approximately 10 to 13 per cent with potential foregone revenues where marketable opportunities exist; and
- Associated cumulative decline in overall pre-sort/transfer and organics processing operating costs of approximately 12 per cent, or $26.5 million (NPV). However, assuming sizing of 110,000 tonnes of processing capacity, unutilized capacity at the end of the 20-year operating would increase from 9 per cent of design capacity to 23 per cent. While revenue opportunities for assumed sales of excess capacity may be considered (acceptance of tonnages from other municipalities and private sector), if securing additional volumes becomes a challenge, the risks and cost implications related to oversizing and carrying underutilized capacity will need to be further assessed during project development.

10.3 Quality of incoming organics, the ability to recover, and the composition of mixed waste (OFMW) are also imperative since facility sizing will consider incoming organics that requires processing. Diversion benefits and residuals requiring disposal at DYEC will be impacted in part by contamination levels. While base assumptions have contamination levels of approximately 20 per cent for OFMW, an increase to 40 per cent would increase total cumulative pre-processing residuals requiring disposal by over 170,000 tonnes over the 20 year operating period.

11. Risk Considerations, Opportunities and Potential Cost Impacts

11.1 Consideration and assessment of potential risks, opportunities, impacts and mitigation options are important at the pre-approval stage of any project. Given the scale, scope and complexity of an AD organics management processing system with pre-sort and transfer, as with prior updates, potential risks and opportunities continue to include:

- Capital construction, lifecycle and operating cost ranges (described above);
- Facility location, scale, sizing and feedstock supply volumes related to household growth and tonnage forecasts;
- Feedstock composition, including the quality or mixture of waste organics, which impacts processing, potential marketable by-product opportunities, and operating costs;
- Haulage;

- Potential implications to DYEC operations due to put-or-pay obligations, electricity generation revenues and compliance obligations; and

- Emerging or evolving markets for by-products and environmental attributes, including:

    - Recyclable materials recovered through the pre-sorting processing;

    - Biogas as created through the AD process and its possible end-uses;

    - Digestate or compost created through organics processing; and

    - Creation of compliance-based and/or marketable carbon credits recognizing GHG emission reductions.

12. Haulage and Siting Considerations

12.1 Given the potential locations for any future facility are unknown at this time, no haulage costs for organics were considered as part of the base analysis (only transfer of residual wastes to DYEC and/or disposal to landfill, where applicable). Any future siting considerations for pre-sort/transfer or organics processing will require additional consideration of resultant cost and operational aspects in relation to collection (i.e. Regional collection routes and benefits of centralized location) and disposal of waste (i.e. proximity of organics processing solution being situated near point of disposal for residual wastes).

12.2 The recommended review of potential locations for the preferred pre-sort/transfer/AD system will include the identification of suitable locations for the required organics management, site servicing, and connecting infrastructure. Staff will assess potential implications to overall haulage/transportation costs based on siting and co-location for transfer and pre-sort and AD processing facilities in the context of current and projected contract rates, projected tonnage flows over the proposed operating period for the processing facility and relative logistical savings due to proximity to waste collection, processing and disposal areas.

13. Potential Beneficial Uses of the By-Products of an AD facility

Energy By-Products

13.1 A review of energy by-products has considered the potential of biogas production from the AD process. The following options were examined:

- Use of renewable natural gas (RNG) at Regional facilities;

- Use of compressed natural gas (CNG)/RNG for fueling of Regional fleet;

- Direct sale of RNG within and/or outside the Enbridge franchise area;

- Combined heat-and-power (CHP) to generate both electricity and heat;
- Direct sale of raw biogas; and
- Other biogas utilization options.

13.2 Generally, the AD facility technology, scope and sizing including tonnage throughput, composition and quality and facility run-times, will impact biogas yield and option viability. Further, a detailed distribution system impact assessment would be required to determine takeaway capacity and distribution system reinforcements and costs, if applicable.

13.3 For this report, biogas utilization options were assessed without consideration of service delivery model, potential partnership opportunities and/or grants. Possible sharing and/or transfer of rights to energy by-product, revenues and related environmental benefits may still exist under a DBOM service delivery model. Furthermore, partnerships may still exist outside the arrangements made under a DBOM service delivery model. Attachment 1 further outlines options and potential estimated net financial benefits for quantifiable options.

13.4 Ultimately, the preferred biogas utilization option(s) will consider corporate priorities and/or other strategic directions (i.e. revenue maximization, corporate and GHG emission reductions, facility energy self-reliance) along with technical and financial considerations once AD project scope is better understood.

Other By-Products

13.5 As a result of the anaerobic processing, much of the carbon is removed from the waste, and turned into a bio-fuel. Most of the nutrients and organic matter that were in the original organic wastes are left behind, and are a by-product that is a rich, commercial organic fertilizer. There is a limited Regional use for the digestate byproducts of liquid fertilizer or soil augmentation solids. However, as demonstrated in other jurisdictions, the digestate by-products could have significant value to the agricultural community and would eliminate the disposal costs for this material if this beneficial use is realized.

13.6 There are current Ontario examples of the fertilizers that are produced being licensed by the Canadian Food Inspection Agency and can be used in certified organic farming. In addition to the fertilizers and soil augmentation, the biomass could be further processed into bio-char for use as a cleaning media for bio-fuels.

14. Update on Senior Government Grant Funding Opportunities

14.1 Regional staff continue to investigate funding opportunities for both due diligence studies and capital project implementation. The GHD Part 1 and 2 studies received a $175,000 study grant from the Federation of Canadian Municipalities (FCM) Green Municipal Fund (GMF).

14.2 Capital grant applications tend to require additional project details including environmental specifications, implementation schedules and budget plans. A number of program funding streams continue to be reviewed by staff including funding through the Integrated Bilateral Agreement (IBA) between Canada and Province of Ontario which will provide $11.8 billion in federal funding and $10 billion in provincial funding for infrastructure projects under the Investing in Canada Infrastructure Program (ICIP) over the next ten years.

14.3 Among these allocations are Green Infrastructure funds where funding would be cost-shared with federal, provincial and municipal governments to target climate resilience and mitigation initiatives which reduce GHG emissions. While the Rural and Northern stream of ICIP funding has been released for application, staff consultation with the Ontario Ministry of Infrastructure has indicated anticipated launch for Green Infrastructure funds later in 2019. Details around business case and funding submission requirements are still to be determined.

14.4 Other opportunities continue to be reviewed including, but not limited to, opportunities available through the Canada Infrastructure Bank (CIB) as well as FCM GMF.

14.5 Staff continue to monitor available opportunities as work continues to further define the project magnitude and scope.

15. Next Steps

Public Consultation

15.1 The implementation of the Project will not trigger the requirement to undertake an Environmental Assessment. Regional staff will however, initiate a communication plan that will invite consultation at various stages of the project. Communications with the public is also a requirement of the Environmental Compliance or Renewable Energy Approval processes (ECA/REA).

Professional Services

15.2 Professional expertise will be required to support the subsequent procurement processes as the project moves forward. This includes overseeing the procurement processes, technology and specifications, vendor evaluations, and assessment of vendors/proprietary technologies to ensure adequate information to vendors over each stage and prudent contract development, including commercial terms and appropriate risk sharing and potential for project design and construction. Therefore, it is recommended that:

- That an independent third party fairness monitor be retained at a total cost not to exceed $100,000 to oversee subsequent procurement processes as approved by Regional Council to protect the Regional Municipality of Durham and to ensure fairness and transparency on behalf of vendors and other stakeholders, and that the selection of the fairness monitor be made at the discretion of the Chief Administrative Officer and Commissioner of Finance; and

- That external legal counsel be retained at a cost not to exceed $125,000 to provide advice for the next steps of the long-term organics management solution to assist in the procurement process and contract arrangements.

16. Conclusions

16.1 To move forward with the Region’s long-term organics management solution, Regional staff are recommending the approval to proceed with an Anaerobic Digestion facility (using a wet technology) with a mixed waste transfer and pre-sort facility utilizing a DBOM service delivery approach.

16.2 Regional staff will explore the viability of a potential partnership and will report back to Regional Council.

16.3 Additional technical and procurement expertise is also required to assist the Region in subsequent procurement processes anticipated in late 2019.

16.4 This report provides the updated preliminary business case results as well as the investigation of the beneficial uses of the by-products from an AD facility.

16.5 Approval of this report will allow the Region to proceed with the recommended long-term organics management solution presented here within this report

Respectfully submitted,

Original Signed By John Presta For

Susan Siopis, P.Eng.
Commissioner of Works

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Original Signed By

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

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Attachment #1: Potential Beneficial Uses of the By-Products of an AD facility

Overview of RNG Production

1. Production of RNG requires upgrading and injection infrastructure where preliminary cost estimates for capital, operating and life-cycle costs over a 20-year operating period are $26 to $30 million (2019 dollars), excluding pipeline costs. Actual costs will also be impacted by facility and tie-in location, injection pressure, production date and quality, surrounding distribution system load growth, service size, main extension requirements, land and on-site gas storage. Consideration around mandatory (injection) and/or optional (upgrading) biogas upgrading services through Enbridge or other entities is also required.

Use of RNG for Regional Facilities

2. The Region consumes 8 to 10 million m^3 of natural gas annually across all corporate functions. Use of RNG would displace conventional supply and the contractual framework could be expected to function similarly to the Region’s existing gas purchase agreements, allowing the Region to nominate and manage its own self-supplied RNG. Cost offset would be realized on the commodity portion and distribution charges would still apply. Option viability is largely dependent on prevailing conventional natural gas market prices (and carbon pricing) versus RNG production costs. Given only natural gas commodity cost are avoided, net financial benefits under this scenario may be difficult to achieve, even under a higher natural gas market pricing scenario.

Fueling of Fleet Vehicles

3. RNG can be used interchangeably for natural gas once injected and wheeled to fueling stations. CNG/RNG fueling could offset a large portion of Regional fleet fuel usage (Transit is about 75 per cent of total annual fuel litres consumed). Considerations for CNG/RNG fueling include, but are not limited to:

   - CNG/RNG is a cleaner option than conventional fuels, burns cleaner than diesel for all priority pollutants and generally best-suited for heavy duty fleet applications and short haul, return-to-base fleets (i.e. refuse trucks, buses);

   - While CNG/RNG vehicle costs are generally higher than conventional vehicles, refuelling times and operating ranges are comparable to conventional fuel types, although CNG fuel generally shows a life-cycle cost advantage and as a transportation fuel is not subject to road/fuel taxes;

- Requirement for suppliers/vendors to handle/manage CNG/RNG vehicles and staff training to manage new fuel-type. Ensuring appropriate backup generators and storage to ensure business continuity. Requirement for continued availability of conventional fuel for shared facilities; and

- Upfront fuelling infrastructure and facility upgrade costs are significant. Costs for upgrading all Works and Transit maintenance facilities is upwards of $22 million, excluding natural gas and/or electrical distribution system upgrades.

4. Preliminary review indicates potential to realize notable net financial and environmental benefits of CNG and/or RNG fueling versus conventional fuel use. Requires further evaluation versus other technologies such as electric vehicles.

Direct Sales

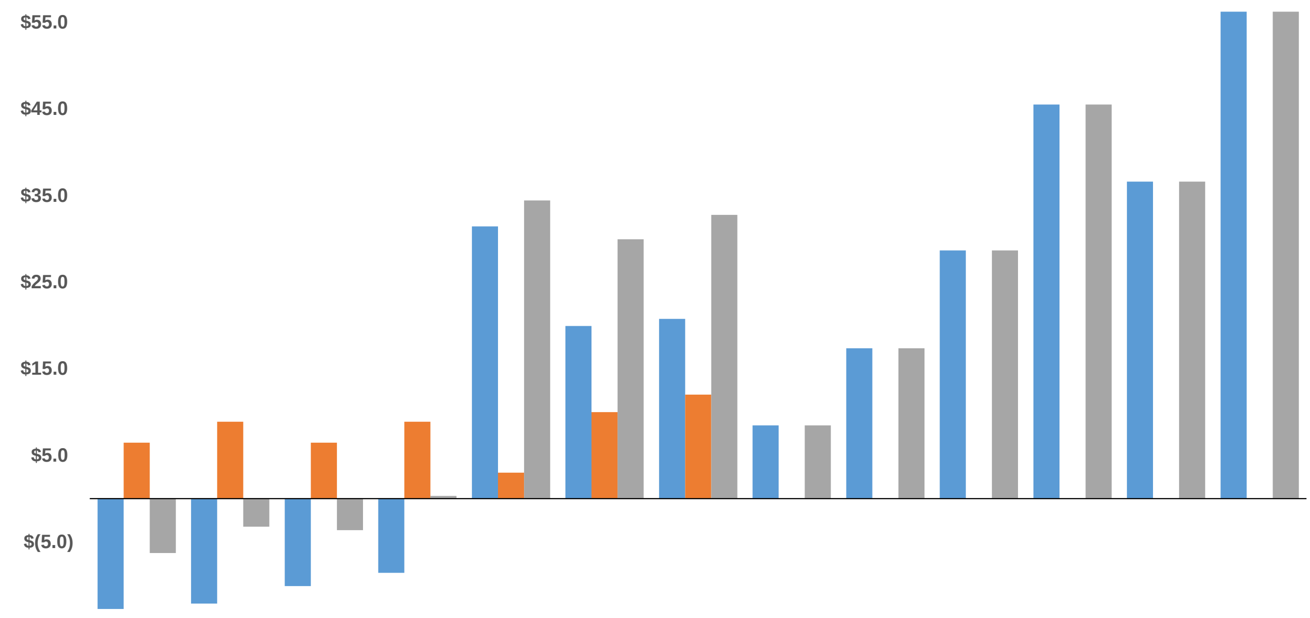
5. There exist several RNG supply programs in other jurisdictions outside Ontario, and use of a marketer/broker can help facilitate the sale/transfer of RNG volumes to entities where nominations would be supported through exchange and injection services agreements. All tolls, transportation and marketing/broker fees are shipper/producer responsibility and additional accounting/monitoring requirements may apply (volume/quality validation).

6. Programs offering long term purchase contracts (upwards of $30/GJ or more) may provide long-term revenue certainty for produced RNG. Experience exists for sales across North America including producers shipping to British Columbia, California and Quebec. While not for direct Regional use and will usually involve giving up all environmental attributes (contracts often require regulatory approval), direct RNG sales may yield the highest net revenue benefits.

Estimated Net Financial Benefits

7. Staff reviewed several biogas utilization options which could yield net financial and/or environmental benefits to the Region (quantifiable options summarized in Figure 1). Considering annual estimated biogas yield over a 20 year operating period from base production rates and high yield scenarios based on sales of excess organics processing capacity, as well as stakeholder feedback around available program opportunities and contractual parameters, the following scenarios were presented around use of RNG for Regional facilities, CNG/RNG fueling of fleet, as well as direct sales options.

Figure 1: Net Financial Benefits for Various Biogas Utilization Options (2019 to 2041, in millions of 2019 dollars)



	Regional Facility Load Offset - Base Biogas	Regional Facility Load Offset - High Biogas	Regional Facility Load Offset - Base Biogas - NG Price + 20%	Regional Facility Load Offset - High Biogas - NG Price +20%	CNG Fleet Fueling	RNG Fleet Fueling - Base Biogas	RNG Fleet Fueling - High Biogas	Direct Sales of RNG - QC - Base Biogas	Direct Sales of RNG - QC - High Biogas	Direct Sales of RNG - CA - Base Biogas	Direct Sales of RNG - CA - High Biogas	Direct Sales of RNG - BC - Base Biogas	Direct Sales of RNG - BC - High Biogas
2019 to 2041 NPV	$(12.7)	$(12.1)	$(10.1)	$(8.6)	$31.4	$19.9	$20.7	$8.5	$17.3	$28.6	$45.5	$36.6	$56.2
2019 to 2041 NPV - Carbon Pricing	$6.5	$8.9	$6.5	$8.9	$3.0	$10.0	$12.0	$-	$-	$-	$-	$-	$-
Total 2019 to 2041 NPV	$(6.3)	$(3.2)	$(3.6)	$0.3	$34.4	$29.9	$32.7	$8.5	$17.3	$28.6	$45.5	$36.6	$56.2

Notes: see Attachment 2 for additional information around scenario assumptions.

8. Additional opportunities may be available but are project dependent and so costs and net benefits cannot be quantified at this time (i.e. CHP, direct sale of raw biogas, other partnerships). Project economics across options will also be impacted by relative pricing between competing commodities over time including future status of the regulatory landscape and any future carbon pricing regime.

Combined Heat-and-Power (CHP)

9. Potential exists for use of Combined Heat-and-Power (CHP) technology to simultaneously generate electricity and produce heat for other process or heating requirements. Type of CHP engine and energy recovery potential would be verified during detailed design stages and through consultations with both electrical and natural gas distributors. While the Province has moved away from standardized supply contracts, net metering remains an option. Economics of CHP will be influenced by AD technology and size plus factors such as wastewater treatment processes given impacts to facility energy requirements.

Sale of Raw Biogas

10. Potential may exist for direct sale of raw biogas to an entity that would then design, supply, install, own and operate an RNG upgrading and injection system on or near the producing site (supported by land leased under separate agreement with provision of site access, piping of supply, wastewater discharge, and other rights as needed for operation/servicing). While direct sale of biogas may transfer risks to an outside entity, given the market for RNG in other jurisdictions, there may be ability to negotiate revenue uplift mechanisms should the outside entity successfully secure end markets for the finished RNG product.

Other Biogas Utilization Options

11. Other options and opportunities should be examined once project specific information is better known, including but not limited to, direct sale of biogas for use by adjacent industries/customers, district systems where option could be to send biogas and/or hot water to adjacent industries/customers for heating; and/or biogas to other Regional facilities (i.e. WPCPs, DYEC). Opportunities may consist of exchanges and/or sharing of biogas and related upgrading and/or fueling infrastructure for uses across multiple Regional facilities.

Environmental Attributes

12. Carbon offsets are credits generated through initiatives which reduce emissions in non-regulated sectors. With the cancellation of the cap and trade program and related regulations, there is no regulatory framework for compliance-based carbon offset creation in Ontario. While potential exists for voluntary offset creation, such instruments are generally viewed as lower quality and less marketable. While there exists potential for the development of federal offset protocols, in absence of such a framework, preference may lie with selling RNG to jurisdictions willing to pay a premium for related environmental benefits.

13. Other instruments may include Renewable Energy Certificates (RECs), which are tradable instruments representing the attributes of renewable energy projects and may be sold together or separately from electricity produced. Generally, the REC market is mainly RPS compliance-driven, where Canada has no compliance-based RPS frameworks and a limited voluntary market. Renewable energy projects providing electricity to grid would also require a Renewable Energy Approval (REA) and need to substantiate electricity demand.

Attachment #2: Summary of Key Preliminary Business Case Update Assumptions

Description	Assumption
Base waste tonnage	• Region of Durham actual waste values for SSO (Green Bin), mixed waste for single family and multi-residential and Regional waste management facilities (WMF) for 2018
Household and tonnage growth projections	• Planning Report #2018-INFO-149 and converging to Regional Official Plan (ROP) values to 2031. Projections for 2032 and beyond based on Hemson Consulting Ltd. GGH Growth Forecasts to 2041. Tonnage per household per year based on 2018 values.
Low household growth scenario	• Average annual household growth approximately 30 per cent less than assumed under base case. Tonnage per household per year based on 2018 values.
Waste composition for mixed waste	• 2019 Region of Durham Waste Composition Study Results • OFMW for single family: 41.5 per cent plus recoverable fibres • OFMW for multi-residential: 42.6 per cent plus recoverable fibres • 80 per cent recovery of organics at pre-sort • OFMW include pet and sanitary waste
Contamination rates of organics	• 3 per cent for SSO (Green Bin organics) • 20 per cent for OFMW in base case • Sensitivity of 40 per cent contamination for OFMW
Capital costs for Pre-sort/Transfer facility	• Sizing of 160,000 tonnes of mixed waste processing capacity • $250 per design tonne in base case • Sensitivity of +/-25 per cent of base unit cost
Capital costs for AD Processing facility	• Assumed sizing of 110,000 tonnes of processing capacity in base case • Sensitivity of 100,000 tonnes of processing capacity • $1000 per design tonne in base case • Sensitivity of +/-25 per cent of base unit cost
Debenture assumptions	• 5 per cent interest rate over 10 years
Operating costs for Pre-sort/Transfer	• $80 per processed tonne in base case • Sensitivity of +/-25 per cent of base unit cost

Description	Assumption
Operating costs for AD Processing facility	• $90 per processed tonne in base case • Sensitivity of +/-25 per cent of base unit cost
Digestate disposal cost	• $88 per tonne of output (unchanged from 2018 update)
Land acquisition cost	• $545,000/hectare. Assumed approximately 8 **hectacres** for pre-sort/transfer and AD processing (based on RFI feedback)
Life cycle costing	• 2 per cent of initial capital outlay annually over 20 years
Service contract cost per tonne	• $200/tonne for processing of SSO (Green Bin) and OFMW tonnage • $109/tonne for mixed waste pre-sort/transfer
Biogas upgrading facility (included for RNG for Regional facilities, CNG/RNG fuelling, and Direct RNG sales)	• Biomethane upgrading and injection capital and minor conveyance of $8.9 million. Operating costs per m3 based on biogas produced • Provision for life cycle costs based on 0.5 per cent of initial capital outlay plus mid-life membrane replacement • Assumed 20 year operating period commencing 2022
Facility and Fueling Upgrades (for CNG/RNG Fueling Option)	**Location** — **Facility/Fueling Upgrades** DRT Westney — $6.26 million DRT Farewell / Raleigh — $7.76 million Oshawa / Whitby WorksDepot — $2.69 million Ajax / Pickering Works Depot — $1.62 million Orono Works Depot — $1.35 million Scugog Works Depot — $0.93 million Sunderland Works Depot — $1.02 million • Preliminary costing from Region's CNG/RNG Fleet and Facility Feasibility Assessment undertaken by WSP/Change Energy
Vehicle cost premiums (for CNG/RNG Fueling Option)	• By Gross Vehicle Weight Rating: Class 1-3, 6, 8-11 vehicle: up to $21,000; Class 4 vehicle: $40,000, Class 7 vehicle: $60,000 • Preliminary costing from Region's CNG/RNG Fleet and Facility Feasibility Assessment undertaken by WSP/Change Energy
Direct RNG Sales Rates (for RNG Direct Sales Option)	• $30/GJ for California and British Columbia and $15/GJ for Quebec

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2304.

The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Finance, Commissioner & Medical Officer of Health and Commissioner of Social Services
Report:	#2019-COW-18
Date:	June 12, 2019

Subject:

Provincial Funding Update: Implications for the Region of Durham

Recommendation:

That the Committee of the Whole recommends to Regional Council that this report be received for information.

Report:

1. Purpose

1.1 This report provides a consolidated, corporate-wide summary of known and/or proposed funding changes by the Provincial Government that impact Regionally delivered programs and services based on information provided by the Ontario Government and its various Ministries known to date.

2. Background

2.1 The Province of Ontario faces fiscal challenges. According to the 2019 Ontario Budget, the Province had an estimated deficit of $15 billion and an estimated debt in excess of $340 billion during the 2018-2019 fiscal year. On July 3, 2018, Ontario Regulation 144/16 relating to the Provincial cap and trade program was revoked. Following this, the Province announced the phasing out of numerous programs that provided incentives via auction proceeds from the cap and trade program through which the Region benefitted (e.g. Ontario Municipal Commuter Cycling Program, Social Housing Apartment Improvement Program, GreenON Social Housing Program).

2.2 In the summer of 2018, the Province launched a line-by-line review of all spending within government ministries and agencies, including transfer payments to municipalities to fund a number of municipally delivered programs and services.

2.3 On December 13, 2018, Moody's Investors Service (Moody's) downgraded the ratings on the Province of Ontario to Aa3 from Aa2 and the outlook on the ratings was changed to stable from negative. According to Moody's, "the combination of increasing debt along with slowing revenue growth will result in a faster than previously anticipated increase of the province's debt burden".

2.4 In April of this year, the 2019 Ontario Budget introduced several funding and program changes for municipalities, including service areas of public health, paramedic services, various social services and Conservation Authorities. There have also been additional announcements since the 2019 Ontario Budget, including proposed amendments to various Provincial legislation, such as the Development Charges Act, the Planning Act and the Conservation Authorities Act.

2.5 Since the 2019 Ontario Budget, Regional staff have been monitoring provincial funding updates, as information has been made available. Interdisciplinary groups consisting of Regional staff have been established to analyze impacts to Regionally delivered programs and services, including direct financial impacts to the 2019 Regional Business Plans and Budgets. It is important to note that information is being delivered in a piecemeal manner, with certain sectors receiving ministerial notifications conveying incomplete details at different times than others. This is creating an inherent challenge for Regional staff to fully comprehend the scope of these changes from a corporate perspective at a specific point in time. Moreover, additional information from the Province is still required to quantify Regional impacts to service areas and determine the overall financial impact to the Region.

2.6 Many changes involve reductions in provincial funding levels and/or changes to cost-sharing requirements, in some cases retroactively. Where information has been provided by the Province, Regional staff have attempted to quantify the funding implications to the Region, in order to provide a magnitude of the scope of these changes. In some cases, proposed funding changes may have a direct impact on the recent Council approved 2019 Regional Business Plans and Budgets. There is also an anticipation that multi-year funding reductions will have an impact on future years' Regional Business Plans and Budgets.

2.7 The Association of Municipalities of Ontario and Large Urban Mayors Caucus of Ontario had lobbied the Province to engage in more consultation with municipalities prior to implementation of these program funding changes.

2.8 On May 9, 2019, the Commissioner & Medical Officer of Health and the Chief of Paramedic Services presented two presentations to the Health & Social Services Committee: "Public Health Restructuring" and "Region of Durham Paramedic Services Update." These presentations outlined information known to date pertaining to the recent provincial program and funding changes for public health and paramedic services.

2.9 On May 15, 2019, the Commissioner of Finance delivered a presentation to the Committee of the Whole entitled “Provincial Funding Update: Implications for Durham” to highlight the nature of the provincial changes to Regionally delivered programs and services known to date, while emphasizing the fact that no consultations were held between the Province and municipalities to corroborate these decisions by the Province.

2.10 On May 21, 2019, the Provincial government introduced the Audit and Accountability Fund with an allocation of $7.35 million for large urban municipalities and district school boards to conduct line-by-line reviews “to identify potential savings, while maintaining vital front-line services”. The Province is requesting large urban municipalities in Ontario find savings and efficiencies within the budgets of front-line services and programs using a threshold of “four cents on every dollar spent.”

2.11 On May 27, 2019, a letter addressed from Premier Doug Ford to the Heads of Council publicized “the decision to maintain the in-year cost sharing adjustments for land ambulance, public health, and child care services”. This announcement appears to effectively reverse the decision that would have introduced provincial funding reductions and increased cost sharing arrangements for municipalities to fund these services in 2019. The Premier also indicated to “work collaboratively” with municipalities in the future to find savings and strengthen front-line services.

2.12 Although the announcement by the Province to maintain provincial funding levels and preserve cost sharing formulas for these municipal services in 2019 is welcomed by municipalities, uncertainty still exists as to how and when these services will be impacted by provincial funding decisions in 2020 and beyond. Moreover, provincial funding for land ambulance is still effectively frozen at the 2018 funding level, with no accounting for inflationary and growth pressures in 2019. More details are required from the Province before Regional staff can reasonably quantify the magnitude of the scope of these changes. However, it can be assumed that municipalities will be required to pay a greater proportion of program and service costs in future years.

2.13 On May 29, 2019, a letter from Deputy Minister Laurie Leblanc of the Ministry of Municipal Affairs and Housing addressed to the Durham Region’s CAO outlined additional information regarding the launch of the Audit and Accountability Fund, which offers an opportunity to secure provincial funding for large municipalities to conduct service delivery and expenditure reviews to find efficiencies. Only third-party service provider fees are eligible under the program. The intention to apply must be provided to the Ministry by June 14, 2019 and an Expression of Interest must be submitted by June 30, 2019. The third-party report that outlines the analysis, findings and actionable recommendations, must be publicly posted by November 30, 2019.

2.14 Also, on May 29, 2019, Fitch Ratings (Fitch) revised their outlook on the rating for the Province of Ontario to stable from negative (credit rating at AA-) on the expectation that the Province will balance its budget in 2023-2024. Fitch also notes that "Program expense is projected to grow by 1% through the consolidation period to achieve the government's goals; a task that Fitch believes will prove challenging".

2.15 On June 6, 2019, the Region's Social Services Department presented Regional Report #2019-SS-8 to the Health & Social Services Committee. The report, entitled "Update on the Provincial Program and Funding Changes Affecting the Social Services Department", provides a summary of changes to programs and funding and their impacts to Social Services based on incomplete information available.

3. Provincial Funding Update

3.1 Attachment #1 provides a table which summarizes the known and/or proposed funding changes by the Provincial Government that impact Regionally delivered programs and services based on information provided by the Ontario Government and its various Ministries. Regional staff have attempted to quantify the funding implications to the Region, in order to provide a magnitude of the scope of these changes.

4. Conclusion

4.1 The Province's decision to reduce provincial funding levels and revise current cost-sharing arrangements with municipalities for select municipally delivered programs and services will place additional pressure on the property tax-supported 2019 Regional Budget and Business Plans. The most significant impact will be on the 2020 Regional Budgets and Business Plans that will be determined as more information becomes available.

4.2 Regional staff are encouraged by the Province's recent decision to maintain current cost-sharing requirements for public health, paramedic and child care services for the current year. This delay will allow the Region the opportunity to attempt to clarify with the province any provincial funding changes that may be implemented in the future, including the consideration of options and the development of implementation plans, giving Regional staff the ability to communicate any resulting changes to Regional services that have property tax implications.

4.3 Regional staff will continue to provide updates to Regional Council with respect to details as they become available regarding municipally delivered programs and services that are impacted by provincial funding decisions.

5.0 Attachment

Attachment #1 - Provincial Funding Update: Implications for the Region of Durham

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Original Signed By

Dr. Hugh Drouin
Commissioner of Social Services

Original Signed By

R.J. Kyle, BSc, MD, MHSc, CCFP, FRCPC, FACPM
Commissioner & Medical Officer of Health

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

PROVINCIAL FUNDING UPDATE: IMPLICATIONS FOR THE REGION OF DURHAM

Service Category	Program Revisions and/or Funding Changes	Details	Effective Date of Changes	Estimated 2019 Regional Impact ($)
Public Health	Changes to funding formula	75:25 for mandatory programs	2018-2019	
		70:30 for mandatory programs-deferred for 2019	April 1, 2019	($0.04 million) - TBD
		70:30 for mandatory programs	April 1, 2020	TBD
	Establish 10 new Boards of Public Health	10 public health entities and regional boards of health with one common governance model	2020-2021	TBD
	Implementation of new dental program for low-income seniors (annual Regional allocation of $1.6 million represents 100% provincial funding)	Services available to single seniors aged 65 and older with incomes of $19,300 or less (or senior couples with combined incomes of less than $32,300) and without existing dental benefits	Summer of 2019	No Regional $ impact anticipated
Paramedic Services	No increases to provincial subsidy; 2019 subsidy frozen at 2018 funding level	2019 funding does not provide for inflation pressure or funding for increased services that Region approved in 2018	2019	($1.75 million) - TBD
Children's Services	Provincial funding allocation decrease of $1.85 million from the 2018 total allocation (updated April 18, 2019)	No provincial funding decrease was included in the 2019 Regional Business Plan and Budget	2019	($1.85 million) - TBD
	New cost-sharing ratios:			
	Expansion Plan (i.e. child care spaces) requires Region to pay 20% of operating costs	This program was previously 100% provincially funded and will now require additional Regional expenditures to maximize subsidy allocation	April 1, 2019	($2.0 million) - TBD
	Administration costs now limited to 5% of total eligible base expenditures (vs. current 10%) and cost-shared on a 50:50 basis	Programs impacted include: Expansion Plan, Wage Enhancement, Early Learning Child Care Anticipated allocation adjustments to core administration – more details required to determine impact	April 1, 2019	($1.0 million) - TBD
Housing Services	Community Homelessness Prevention Initiative:			
	Provincial funding reduction of $1.1 million ($792,000 impact for 2019 Regional Budget)	Funding reduction may impact operations of support agencies helping the homeless in Durham	2019-2020	($0.8 million) - TBD
	Future allocations of $9.1 million have not been confirmed		2020-2021 & 2021-2022	TBD
	Canada-Ontario Community Housing Initiative:			
	New program designed to replace expiring federal funding tied to end of mortgages and operating agreements. Regional allocation of $525,000 confirmed for 2019-20 is less than the $805,000 anticipated top-up	Funding received under new program designed to maintain funding levels using the baseline year of 2018-2019. No details provided by Province to support allocation	2019-2020	($0.28 million) - TBD
	Anticipated increase in administrative costs to manage new program	Previously included in federal block funding	2019-2020	TBD
	Future funding allocations of $288,000 in 2020-2021 and $442,000 in 2021-2022 have not been confirmed		2020-2021 & 2021-2022	
	Housing Services Act:			
	Proposed amendments to simplify RGI calculation	The Region may see subsidy increases (or top-ups necessary) paid to housing providers, if rents from tenants decrease as a result of changes to the RGI calculation (e.g. exclusion of support payments)		TBD
	Intended to decrease administrative burden of RGI calculation	Cost savings generated from reduced administrative burden are not expected		TBD

Service Category	Program Revisions and/or Funding Changes	Details	Effective Date of Changes	Estimated 2019 Regional Impact ($)
Income and Employment Supports	Integration of social assistance employment services into Employment Ontario	Service system managers will be selected to deliver Employment Ontario programs through a competitive process		
	CMSMs are required to achieve outcomes of 3% above actual levels achieved in 2018, or face a claw-back of up to 15% of upload funding	Durham received an allocation of $6.8 million in 2018 in combined administration and client funding		(up to $1 million) - TBD
	Provincial portion of the Ontario Works Progam Delivery Allocation will decrease by $400,000 in 2019.	The Ontario Works Progam Delivery Allocation is cost-shared 50:50 between the Province and the Region The Region budgeted over $13.8 million for provincial subsidy in 2019		($0.4 million) - TBD
	Termination of the Transition Child Benefit	Payments would be discontinued for all current recipients under both Ontario Works and the Ontario Disability Suppport Program. Payments are issued in cases where the parent/recipient /trustee is not receiving the Ontario Child Benefit or the Canada Child Benefit based upon annual reporting of income tax through the Canada Revenue Agency. The program is fully funded by the Province and the allocation in the 2019 Social Services Budget is $0.87 million.	November 1, 2019	($0.87 million) - TBD
Smart Commute	Metrolinx is terminating the Service Delivery Agreement	Agreement will be terminated on June 29, 2019	June 30, 2019	($0.03 million) - TBD
Ontario Municipal Commuter Cycling	Program funded through cap and trade proceeds, final 3 years of 4 year program have been cancelled	Region received $2.2 million through first year allocation; Durham's area municipalities received $1.7 million If anticipated level of funding for the additional 3 years was maintained, an additional $11.9 million in provincial funding would be available to advance Durham's cycling infrastructure		
Ontario Gas Tax	Province will not move forward with previous government's proposed increase to municipal share of gas tax funding	Under previous government's plan, funding was to increase from 2 cents per litre to 4 cents per litre by 2021-2022 Durham's allocation is currently $9.77 million in 2019-2020 Provincial Gas Tax revenue increases under previous plan were proposed to support service improvements and other priorities (including known increase in PRESTO costs anticipated to continue) Province plans to consult with municipalities to review the Provincial Gas Tax program parameters and identify opportunities for improvement		

PROVINCIAL FUNDING UPDATE: IMPLICATIONS FOR THE REGION OF DURHAM

Service Category	Program Revisions and/or Funding Changes	Details	Effective Date of Changes	Estimated 2019 Regional Impact ($)
Conservation Authorities	Provincial funding under the Hazard Program is proposed to be reduced by 50% in 2019	Represents a reduction of \$3.7 million from annual \$7.4 million allocation across Ontario Funding used for Floodplain mapping, monitoring, forecasting flooding, regulating development activities in floodplains and protecting and restoring natural cover to reduce flooding impacts Regional staff are working with the five CAs within Durham to discuss impacts		TBD
Police Services	New Community Safety & Policing (CSP) Grant, replacing four legacy grant programs (3 programs impacting DRPS)	New funding formula involving a competitive process and risk of OPP eligibility CSP grant is an outcomes-based grant with two funding streams and a focus on 'local' and 'provincial' priorities Funding is available based on an application process, with approved application funding for a three year fiscal cycle Most services have experienced a 25% overall funding reduction, based on legacy grant consolidation		TBD
	Court Security and Prisoner Transportation Program	2019 Provincial funding is approximately \$382,000 more than planned and \$183,000 more than received in 2018	2019	\$382,000
Development Charges Act	Remove statutory 10% reduction for waste diversion services (allow for increased cost recovery)	Consistent with Transit and Police Services		
	Exempt secondary suites in new homes from DCs (promotes affordable and rental housing)	Current DCA provides secondary suite exemptions for existing homes and Region permits secondary suites outside of residence		
	Freeze DCs at an earlier point in time than building permit	Later of site plan or zoning approval application Result in DC revenue shortfall		
	Collection of DCs for rental and not-for-profit housing, institutional, industrial and commercial developments	To be paid over 5 years (equal installments) – commencing the date of issuance of an occupancy permit or building occupancy May charge interest (at a prescribed rate) Reduce cash flow and potentially result in increased debt financing and potential lost revenue Increased administrative burden		
	Removal of certain soft services from DCA to be considered as part of a new Community Benefit Charge under the Planning Act	Anticipated to impact Paramedic, Health and Social Services, Housing Services, Long Term Care and Studies in Durham Region Proposed fee cap based on land appraisals per property Uncertain if revenue under community benefits charge will equal revenue under DCA		

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2564

The Regional Municipality of Durham Report

To:	Committee of the Whole
From:	Commissioner of Planning and Economic Development, Commissioner of Finance
Report:	#2019-COW-19
Date:	June 12, 2019

Subject:

GO East Extension Update and Transit Oriented Development Evaluation

Recommendations:

That the Committee of the Whole recommends to Regional Council:

A) That the update on the GO East Extension to Bowmanville provided within this report be received for information;

B) That a Transit Oriented Development Evaluation exercise be undertaken as a sole source contract by N. Barry Lyon Consultants Limited, at a cost not to exceed $150,000, to be financed at the discretion of the Commissioner of Finance and completed by December 31, 2019, in order to examine the potential impact of route alignments on private sector investment at proposed GO Station locations along the GO East Extension to Bowmanville;

C) That the Commissioner of Finance be authorized to execute the necessary agreements;

D) That Regional Council be apprised on the findings and recommendations that are contained in the Transit Oriented Development Evaluation upon its completion;

E) That Metrolinx and the Province of Ontario be requested to reaffirm their commitment to the CP alignment approved in 2011 through the Oshawa to Bowmanville Rail Service Expansion and Rail Maintenance Facility Transit Project Assessment Process Environmental Assessment; and

F) That a copy of this report be sent to the Minister of Transportation, the President and Chief Executive Officer at Metrolinx, Durham Members of Provincial Parliament, and Durham area municipalities.

Report:

1. Purpose

1.1 The purpose of this report is to:

a. Provide an update to Committee on the status of the GO East extension project; and

b. Seek authorization to retain N. Barry Lyon Consultants Limited to conduct a Transit Oriented Development Evaluation of proposed GO station locations for the GO East extension as a sole source contract.

2. Background

2.1 Since 1991, the Regional Official Plan (ROP) has recognized an easterly extension of the GO Rail service to Bowmanville. The extension includes a crossing of Highway 401 from the CN Kingston line to the CPR Belleville line between Thornton Road and Stevenson Road, with a terminus in Bowmanville, west of Regional Road 57. This alignment was based on an Environmental Assessment (EA) study completed by GO Transit in the early 1990s.

2.2 In November 2008, the Regional Transportation Plan for the Greater Toronto and Hamilton Area, “The Big Move,” was adopted by Metrolinx. The easterly extension of GO Rail service to Bowmanville was included in The Big Move as one of the top transit priorities for Metrolinx within the first 15 years.

2.3 In February 2011, the “Oshawa to Bowmanville Rail Service Expansion and Rail Maintenance Facility Transit Project Assessment Process (TPAP) EA” was approved. The EA identified the preferred alignment for the extension, including four new stations (Thornton’s Corners, Central Oshawa, Courtice and Bowmanville), a potential station site at Grandview Street/Bloor Street, train lay-over sites as well as the location of the proposed East Rail Maintenance Facility. The CP Belleville corridor, running north of Highway 401, was identified as the preferred alignment for the Extension consistent with the ROP. The crossing of Highway 401 was proposed at a location further to the west than was identified through the previous EA study and shown in the ROP.

2.4 In February 2013, in its comments on The Big Move Update and Next Wave, Regional Council recommended that "the extension of GO Rail service to connect to the Oshawa Mobility Hub and to Bowmanville remain as the top priority Regional Transit expansion project for the Region of Durham."

2.5 In July 2014, Metrolinx acquired the former Knob Hill Farms property to accommodate part of the future Central Oshawa GO Station site.

2.6 In June 2016, the Province announced the Lakeshore East GO Rail extension to Bowmanville by 2024, with service in the morning and afternoon peak periods in the peak direction of travel (i.e., four trains westbound in the morning and four trains eastbound in the afternoon).

2.7 In May 2017, the Province released the updated Provincial Growth Plan for the Greater Golden Horseshoe (2017), which included a newly modified transit schedule (Schedule 5) showing the Oshawa to Bowmanville GO Rail service extension as a "Committed GO Transit Rail Extension project". The updated Provincial Growth Plan now includes Major Transit Station Areas[1] as major urban structural elements.

2.8 In October 2017, Metrolinx officially began work on the EA Addendum for the extension, updating the 2011 EA study. Preliminary design work undertaken by Metrolinx determined that an EA Addendum was necessary due to shifts in new track alignment and corresponding bridges/culverts, redesign of the new stations and layover facility based on updated design and operation standards and adding the additional grade separation for Thornton Road across the CP Belleville line.

2.9 In December 2017, the Durham Transportation Master Plan (TMP) was approved by Regional Council. The TMP includes a Higher Order Transit Network, in which the Extension is a critical component and is well integrated with other transit service and road infrastructure improvements.

2.10 In March 2018, the Metrolinx Board of Directors unanimously adopted the 2041 Regional Transportation Plan (2041 RTP) for the Greater Toronto and Hamilton Area (GTHA).

a. The GO Train Expansion to Bowmanville on the north side of Highway 401 is

1 The Growth Plan defines a *Major Transit Station Area* as "the area including and around any existing or planned higher order transit station or stop within a settlement area; or the area including and around a bus depot in an urban core. Major transit station areas are defined as the area within an approximate 500 to 800 metre radius of a transit station, representing about a 10 minute walk."

identified as an In-Delivery Transit Project, meaning a project that is either under construction or in the engineering design stage.

b. One of the five strategies under the 2041 RTP is to integrate transportation and land use. It indicates that to implement the 2041 RTP's Vision, transportation investments and decisions must align with land use plans.

c. The 2041 RTP contains actions to integrate transportation planning and land use, especially around transit stations and Mobility Hubs. It also notes that the 2041 RTP builds on municipal TMPs and official plans (OPs) and integrates them into a coherent and logical plan for the whole region.

d. The 2041 RTP notes that there is a need for greater consideration of development objectives in transit project planning and procurement, and for clearer delineation of the roles and responsibilities of public and private parties in optimizing the potential of critical station locations. The 2041 RTP indicates that Metrolinx can play a leadership role in ensuring that development and redevelopment around stations meets the objectives of the Growth Plan and the 2041 RTP.

2.11 In April 2018, Metrolinx announced that park and ride lots will be constructed at the future Central Oshawa and Courtice GO Station sites as interim facilities until the GO Stations are opened for the Extension in 2024. These park and ride lots opened in February 2019.

2.12 In November 2018, Metrolinx released the GO Expansion Full Business Case for the overall GO Rail network, which indicates that another Business Case is required to re-evaluate the Extension. Work on the EA Addendum and design was subsequently halted.

2.13 In December 2018, Regional Council endorsed a Motion passed at the Planning and Economic Development Committee requesting the Provincial Government and Metrolinx to confirm the commitment to extend GO Rail service north of Highway 401 through Oshawa to Bowmanville by 2024 and proactively resolve all pending negotiations with CN and CP Rail, understanding this project has substantial economic and environmental benefits, will spur significant public and private investment, will create much needed job opportunities for the community both for the short and long term, has widespread community support – including from the residents, business community, development industry, Durham's post-secondary institutions, commuters, youth, and the agricultural community, and is embedded in the land use, transportation and transit plans of Oshawa, Clarington and the Region of Durham.

2.14 In February 2019, a Metrolinx report on major capital projects listed the Bowmanville extension as a project in the EA and design phase with an approved budget for capital construction of $550 M (2014$) and an in-service date of 2024.

2.15 On May 9, 2019 the Regional Chair sent a letter to the Minister of Transportation and the Chair and Members of the Metrolinx Board that summarized the commitments made and the rationale for the Bowmanville extension on the CP alignment (refer to Attachment #1).

2.16 On May 16, 2019 A Place to Grow, the revised Growth Plan for the Greater Golden Horseshoe (Growth Plan, 2019) came into effect, which shows the GO East extension to Bowmanville as a “Committed GO Transit Rail Extension”.

3. Metrolinx’s Initial Business Case Update for the GO East Extension

3.1 On May 17, 2019 Metrolinx hosted a briefing with representatives from Durham Region, Clarington, Oshawa and Whitby to discuss four options now being proposed by Metrolinx for the Lakeshore East GO Rail Extension. On May 21 and 22, Metrolinx convened Public Open Houses in Clarington and Oshawa to obtain public input on the four Options (refer to Attachment #2). These options include:

Option 1: The currently approved alignment along the CP Rail line, with a new rail bridge over Highway 401 west of the existing Oshawa station, with new GO stations at Thornton’s Corners, Downtown Oshawa, Courtice Road and Downtown Bowmanville (4 new stations);

Option 2: An alignment that provides for the re-use of the existing rail spur currently utilized by General Motors, and aligning eastward along the CP Rail line connecting to Downtown Oshawa, Courtice Road and Downtown Bowmanville (3 new stations);

Option 3: An alignment that uses the existing CN Rail line south of Highway 401 with new stations at Ritson Road South, and at Waverly Road in Bowmanville (2 new stations);

Option 4: An alignment along the CN Rail line to Townline Road, and then crossing Highway 401 on a new bridge to connect to the CP Rail line. New stations would be provided at Ritson Road South, Courtice Road and Downtown Bowmanville (3 new stations).

3.2 Metrolinx has advised that the preliminary design is complete for Option 1. The cost estimate for this option has increased from $550 million to $721 million. Additional requirements from CP could increase these costs to $1.2 billion. Metrolinx indicates that the alignment options are being evaluated to “achieve cost compliance and maximize benefits” and that Options 3 and 4 are achievable and deliver benefit cost ratios near 1. Metrolinx’s cost estimates have not yet been independently verified by the Region.

3.3 Metrolinx advised that Transit Oriented Development (TOD) would not be a factor in its Initial Business Case Update but would be evaluated after an alignment is selected.

3.4 The previously approved EA provides the reasons for supporting the currently approved alignment, including the following:

a. The preferred option enables communities to advance provincial goals of land use intensification and long-range transit integration;

b. The preferred option provides the best opportunity to realize investment from private sector development;

c. The preferred option best aids communities in community improvement and the revitalization of Downtowns;

d. The preferred option offers the best ability for residents to use transit, cycle or walk between their homes and future GO stations.

3.5 The CN Rail Option south of Highway 401 was not preferred in the 2011 EA as it did not support community improvement or revitalization, did not fit into the surrounding community and did not offer good access for local transit, automotive traffic, cyclists or pedestrians.

3.6 A draft Initial Business Case Update is being circulated internally at Metrolinx. Regional staff will be briefed once the Initial Business Case Update is released.

3.7 Metrolinx staff have advised that they intend to provide the Initial Business Case

Update to the provincial government this summer. If the Initial Business Case indicates that Option 1 is not the preferred option, then an addendum to the 2011 TPAP EA would be necessary.

3.8 A revision to the approved alignment of the GO East extension would be a significant change for the following reasons:

a. Detailed planning and land acquisition has already occurred at a number of locations along the Option 1 route;

b. Capital budgeting and infrastructure improvements have occurred in anticipation of the committed 2024 delivery of Option 1;

c. Downtown Oshawa is designated as an Urban Growth Centre under the provincial Growth Plan. Connectivity and proximity to higher order transit advances provincial planning policy for Transit Oriented Development;

d. A change from Option 1 would result in fewer and more isolated transit stations, limited station connectivity, with relatively few redevelopment and community improvement opportunities.

3.9 On May 21, 2019 Councils for the City of Oshawa and the Municipality of Clarington passed separate resolutions regarding the Lakeshore East GO Rail Extension, citing concerns with other route options being considered. Among other matters, they requested an open and transparent process for obtaining input from municipalities, residents, the development industry and other stakeholders; and requested information on the criteria and metrics to be used to evaluate options.

4. Metrolinx's Transit Oriented Development (TOD) Market Driven Strategy

4.1 Transit Oriented Development (TOD) refers to higher density, mixed-use development that is connected, next to or within a short walk of transit stations and is designed to encourage transit use. TOD increases ridership, decreases vehicle use and creates vibrant communities by better utilizing station lands. Metrolinx has undertaken efforts to leverage development opportunities associated with major transit station areas to facilitate improvements at GO stations. Metrolinx's support for TOD has been expressed as follows:

a. In October 2018, Metrolinx announced that it had entered into an agreement with the Vandyk Group of Companies (a private developer) in which Vandyk would fund and construct the new Mimico GO Station in exchange for air rights above the station.

b. On November 29, 2018 Metrolinx provided a letter to its municipal partners regarding its Transit Oriented Development, Market Driven Approach advising that this review would include an assessment of stations that are not yet in delivery, including those proposed with the Lakeshore East GO Rail extension to Bowmanville. Among other matters, the letter states that:

"Metrolinx has consistently planned for the integration of transit and land-use, and this new approach is an exciting opportunity to move this plan forward with each new GO station. Not only can this approach save tax dollars and exponentially grow transit ridership, it will create and leverage the true value of transit and deliver much more than just transit stations; it will deliver local integrated built environments that offer the services people want at the doorstep of where people will live, work and play." (refer to Attachment #3).

c. On December 6, 2018 the Metrolinx Board received a presentation "Delivering More: A Market Driven Strategy to Delivering Transit Infrastructure". Through this approach, Metrolinx would partner with third parties (e.g. municipalities, land developers, etc.) to deliver new or improved transit infrastructure wherein third parties would fund the design and construction of infrastructure, and Metrolinx would operate it. At its meeting, the Metrolinx Board directed Metrolinx staff to:

- Advance a TOD Market Driven Strategy for transit infrastructure, as set out in the December 6, 2018 presentation prepared by the Chief Planning & Development Officer;

- Develop a comprehensive implementation plan for this strategy, including a process for engaging third party delivery of transit infrastructure;

- Direct the Metrolinx President & CEO to undertake third-party negotiations needed to advance this TOD Market Driven Strategy;

- Report back regularly on progress.

d. On March 6, 2019 an announcement was made that the Province and Metrolinx would partner with Woodbine Entertainment to develop and build a new GO station along Highway 27 near Woodbine race track, on the Kitchener GO rail line. The new GO station at Woodbine would include weather protected waiting platforms; a GO commuter parking lot, passenger pick-up and drop off area; and a bus loop and passenger waiting areas.

e. On April 10, 2019 the Metrolinx Board of Directors directed Metrolinx staff to advance the TOD Program. The implementation of the TOD Program, in partnership with Infrastructure Ontario (IO), will be initiated by soliciting third party interest for TOD at 12 new station locations that were identified through preliminary design business cases in 2018. Six of the twelve stations are located in the City of Toronto along the Stouffville, Lakeshore East and Kitchener GO Rail lines tied to the SmartTrack program, while the other six are outside of Toronto on the Kitchener and Barrie GO Rail lines. None of the twelve stations are in Durham Region.

5. Request for Consultant Support

5.1 Staff are of the view that the land use planning, economic development and revitalization opportunities offered by stations along the GO East Extension are fundamental to the consideration of rail alignment options. A comparative evaluation of TOD and related economic development opportunities around future stations would provide decision makers, affected landowners and the public with important information when considering alternatives.

5.2 An evidence-based evaluation of TOD and economic development opportunities for proposed station locations provides an important lens for the fulsome examination of the four alignment Options. Although this is not part of Metrolinx's work program for its Initial Business Case Update, it would inform the Region's position as part of a future TPAP EA addendum.

5.3 To assess the potential land value increases associated with the Extension (all options), the potential for private sector investment and higher density development around potential GO Station locations, an evaluation should be undertaken. It is recommended that N. Barry Lyon Consultants (NBLC) Limited be retained by the Region to undertake such an exercise. NBLC is well qualified to undertake this work for the following reasons:

a. NBLC has extensive experience working with Metrolinx associated with

TOD at existing and future stations. In 2015, NBLC undertook a market demand assessment of the existing system, identifying areas where TOD opportunities are likely to emerge. NBLC worked with Vandyk to develop the business case for Metrolinx for TOD development at Mimico Station.

b. NBLC has expertise in relation to how transit influences the real estate market. They will examine the link between planning and land value capture that is necessary in building the economic rationale for station investment.

c. It is anticipated that this work would be completed by the end of 2019.

6. Financial Implications

6.1 Section 9.4 of the Region's Purchasing By-Law states that where a consulting assignment is expected to be more than $60,000, the initiating Department Head shall submit a report to council to obtain approval to acquire the services through a sole source negotiation.

6.2 It is recommended that the proposed study be funded to an upset limit of $150,000, to be financed at the discretion of the Commissioner of Finance. The Region will be seeking to cost share this work with the City of Oshawa and the Municipality of Clarington.

7. Conclusion

7.1 Given the recent uncertainty in the GO East extension to Bowmanville proceeding on the CP Belleville rail line, it is recommended that a Transit Oriented Development Evaluation be undertaken as a sole source contract by N. Barry Lyon Consultants Limited to assess the economic development opportunities and potential for private sector investment around proposed GO Station locations.

7.2 It is also recommended that Regional Council be apprised on the findings and recommendations that are contained in the GO East Extension Transit Oriented Development Evaluation upon its completion.

8. Attachments

Attachment #1: May 9, 2019 letter from the Regional Chair

Attachment #2: Lakeshore East GO Rail extension – Open House Boards

Attachment #3: November 29, 2018 letter from Metrolinx

Respectfully submitted,

Original signed by

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

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

May 9, 2019

DURHAM REGION

The Regional Municipality of Durham

Office of the Regional Chair

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John Henry
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The Honourable Jeff Yurek
Minister of Transportation
Ferguson Block, 3rd Floor
77 Wellesley Street West
Toronto, Ontario
M7A 1Z8

Mr. Donald Wright, Chair and
Members of the Metrolinx Board
97 Front Street West
Toronto, Ontario
M5J 1E6

Dear Minister Yurek and Mr. Wright:

Re: Lakeshore East GO Rail Extension

It is imperative that we take time to correct some recent misinformation being shared publicly through MPP's social media accounts and Metrolinx communications. These communications suggest that the Lakeshore East GO Rail extension is a proposal that was announced for political reasons in the absence of supporting studies, due diligence or consideration of alternatives. This is simply not true.

In 2009, GO Transit completed a feasibility study for the Oshawa to Bowmanville Rail Service Expansion. The Environmental Assessment (EA) for the project was approved by the Province in 2011 and remains in effect for ten years. The preferred route from that EA and related stations have been reflected in Metrolinx Regional Transportation Plans and GO Expansion plan, the Provincial Growth Plan, the Region's recently approved Transportation Master Plan and Regional and local Official Plans. Key highlights of work completed by GO and Metrolinx over the past decade are listed in the chronology in Attachment 1.

In February 2019, a Metrolinx report on major capital projects listed the Bowmanville extension as a project in the EA and design phase with an approved budget for capital construction of $550M (2014$) and an in-service date of 2024.

Nearly a **decade** of study, work and planning has gone into advancing the Lakeshore East extension on the route north of the 401. The decision on the preferred route from the 2011 EA was the result of a rigorous public process with true consultation and community involvement.

In our recent meetings with the Minister and Metrolinx senior officials (March 25, April 5, April 8) we learned that several new options were now under consideration, with the final approval resting with the Minister. Regional and local officials have not been included in any discussion of options, despite numerous assurances that engagement would occur.

On May 2, Mr. Verster confirmed with myself and the Mayors of Clarington and Oshawa that four options are in fact being considered for a "proposed" extension of GO rail service on the Lakeshore East corridor. Metrolinx and the Province are now revisiting, and potentially discarding, more than ten years of planning and investment by the Province, Metrolinx (an agency of the provincial government) and its municipal partners, in favour of a route running south of Highway 401.

This despite the accumulated evidence and community agreement that the route north of the 401 is the best option for our communities. For clarity, allow me to review why the northern route approved in the 2011 EA provides the right service in the right place for the Region:

- The four planned stations will open new catchment areas for GO ridership, stimulate job creation and mixed-use development around the stations, and support land value uplift. The promise of the extension has already stimulated development around the future stations.
- Metrolinx forecasts ridership of 10,700 daily customers.
- It would stimulate up to 21,000 jobs, 6,000 new homes, construction of 7.8 million square feet of office, retail and industrial buildings, and $1.1 billion in transit-oriented walkable urban development.
- It puts rapid transit where the bulk of our people and businesses are now and in central areas where denser population and employment are planned for the future.

The Region and municipal partners wholeheartedly support a transit-oriented development process with private sector partners for these stations. Local developers have already expressed an interest in being involved. Since Metrolinx owns property at the station sites, the benefits of land value uplift will be shared.
The Region is advancing $150 million in related infrastructure projects to support the extension in our capital program. Durham

Region Transit is actively working with Metrolinx staff on options for schedule coordination, service and fare integration initiatives. This is being done so that we have the transit service supports and local infrastructure in place to effectively serve the new GO Stations.

Perhaps more compelling is the long list of reasons why a route south of the 401 is undesirable:

- New stations will provide no opportunity to support urban intensification and revitalization of downtowns. Land value uplift will be limited.
- Lands along the CN line are constrained by physical barriers such as Highway 401, the Darlington Nuclear Generating Station, Darlington Provincial Park and proximity to wetlands which limit station locations. Due to these constraints, sites large enough to accommodate a rail station, related parking and a local transit service hub are unlikely to be available in this corridor.
- Much of the land along the CN line is within highly industrialized areas designated as Provincially Significant Employment Zones which will be incompatible with higher density mixed use development intended to occur in Major Transit Station Areas. For example, south of the 401, within the 3 km zone around the Darlington Nuclear Generating Station there is no land use designation that would support new residential development or sensitive uses such as schools.
- Recent class EAs completed by MTO for Highway 401 widening and interchange improvements through Durham used traffic growth assumptions based on station placement along the CP line.
- Arterial roads in Oshawa and Clarington's lakeshore area are not planned or built to serve the transportation demand associated with new GO Stations. It will be difficult to integrate local transit service or provide/promote active transportation options to reach stations in this area.
- With few first mile/last mile alternatives, there will be a high need for costly development of parking at the stations in conflict with Metrolinx's stated directions.

New stations developed south of the 401 would replicate the problems faced at the current Oshawa GO/VIA station. This station is physically isolated from the rest of the community, wedged between the 401 and the rail corridor on a two-lane arterial road. For most Durham residents and Durham Region Transit, it must be accessed by crossing a multi-lane flyover at the interchange with the 401. This busy station is difficult to access by both car and local transit and is hazardous to access by bike or walking. To meet demand, Metrolinx has added additional surface parking which only adds to the congestion on Bloor Street.

Using the CN line may appear to be quicker and lower cost, but it provides little value to the Durham community when compared to the northerly route. It will not deliver the economic revitalization of our downtown areas or address the needs of our growing community.

Once again, I urge the Ministry of Transportation and Metrolinx to include Regional and municipal staff and transit leadership in the discussion of any new infrastructure options being explored for our Region. We can provide the most current data and intelligence with respect to the types and timing of development that is occurring and advise on how transit can best serve our growing community.

Mr. Verster promised us a full briefing this week on the four options now being considered by Metrolinx. Despite claims of transparency, as yet, no briefing has been scheduled and our requests have gone unanswered.

Our Councils are anxious to realize the benefits of the Lakeshore East Extension project for our community. In the next 12 years, our population will grow by 270,000 people. To attract these new residents as new transit riders, frequent reliable transit must be present where and when they arrive. Establishing the transit infrastructure is urgent. We are seeking Provincial transit investment that is comparable to what is being delivered to communities west of Durham.

We will be pleased to assist your office, Metrolinx or the MTO with any information needed to give the Lakeshore East extension, north of the 401, the green light to proceed now.

Yours truly,

John Henry
Regional Chair and CEO

Attachment – Chronology of Work – Lakeshore East GO Rail Ext.

c: See Attached List

c: Mr. Derek Robertson, Senior Policy Advisor to the Minister, Ministry of Transportation
Ms. Lena Azzou, Chief of Staff to the CEO, Metrolinx
The Honourable Rod Phillips, MPP (Ajax)
Ms. Lindsey Park, MPP (Durham)
The Honourable Laurie Scott, MPP (Haliburton/Kawartha Lakes/Brock)
Mr. David Piccini, MPP (Northumberland/Peterborough South)
Ms. Jennifer French, MPP (Oshawa)
The Honourable Peter Bethlenfalvy, MPP (Pickering/Uxbridge)
Mr. Lorne Coe, MPP (Whitby)
Mayor Adrian Foster, Municipality of Clarington
Mayor Dan Carter, City of Oshawa
Mayor Don Mitchell, Town of Whitby
Mr. Andrew Allison, Chief Administrative Officer, Municipality of Clarington
Mr. Matt Gaskell, Chief Administrative Officer, Town of Whitby
Mr. Paul Ralph, City Manager, City of Oshawa
Mr. Brian Bridgeman, Commissioner of Planning and Economic Development
Mr. Vincent Patterson, General Manager, Durham Region Transit
Ms. Susan Siopis, Commissioner of Works
Ms. Elaine Baxter-Trahair, Chief Administrative Officer

Attachment 1:

Chronology of work done on Lakeshore East GO Rail extension on the CP corridor

- June 2007 - Lakeshore East GO Rail expansion to Bowmanville is announced.
- April 2009 – GO Transit completes feasibility studies for the Bowmanville GO extension and the GO East Rail Maintenance Facility.
- February 2011 – the Oshawa to Bowmanville Rail Service Expansion and Rail Maintenance Facility Transit Project Assessment Process (TPAP) EA was approved by the Province. This EA considered potential routes including the CN Kingston line. The EA identified the preferred alignment for the extension on the CP Belleville line including four new stations: Thornton's Corners, Central Oshawa, Courtice and Bowmanville, a potential station site at Grandview and Bloor. Land use planning and economic factors were key reasons why the northern route was selected in the 2011 EA, the approval for which remains in force for ten years.
- September 2012 – a public private partnership was created to build the GO Transit East Rail Maintenance facility, completed in 2018, to support service enhancements in the eastern part of the GTA, including the future extension.
- April 2016 – the compelling economic case for the extension was highlighted again by the findings of a study completed by Altus/ARUP for Durham communities.
- June 2016 – Province announced the Lakeshore East GO Rail extension to Bowmanville by 2024 with service in the afternoon and morning peak periods.
- May 2017 – Province released the updated Provincial Growth Plan, including a transit schedule showing the Oshawa to Bowmanville GO Rail service as a committed project.
- June 2017 – Metrolinx held mobility hub workshops in Courtice and Bowmanville. The same month, Metrolinx staff made a presentation to the Clarington Board of Trade outlining the progress of the project complete with maps and the list of steps being undertaken to complete any additional EA work and to "plan, procure, design and construct new stations and the 401 bridge".
- October 2017 – Metrolinx began work on an EA Addendum to update the 2011 EA study based on preliminary design work relating to track alignment, updated station design and operation standards, adding a grade separation for Thornton Road.
- December 2017 – Metrolinx hired Stantec to lead the EA update

- March 2018 – Metrolinx Board unanimously adopted the 2041 Regional Transportation Plan (2041 RTP) for the GTHA which included the GO Rail Expansion to Bowmanville as an "in delivery" project.
- April 2018 – Metrolinx held public meetings in Oshawa and Bowmanville as part of the EA Addendum process for this rail corridor. The findings compiled by Stantec were published in August 2018.
- During 2018 – Metrolinx project staff and Regional/local municipal staff met to discuss technical details of the project, such as co-ordination of our road capital programs to support the LSE project.
- November 2018 – Mr. Verster met with Durham Region, indicating that negotiations towards system-wide agreements with both CN and CP were underway in support of the various projects Metrolinx was undertaking across the GTHA.
- February 2019 – a Metrolinx quarterly report to the Metrolinx Board on major capital project status included the Bowmanville extension as a project in the EA and design phase with an approved budget for capital construction of $550M (2014$) and an in-service date of 2024. This report attributed the same "EA and Design phase" to the Kitchener line (budgeted at $2.25B in 2016$) and the Niagara line ($160M in 2014$).

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BOWMANVILLE EXPANSION PROJECT
Status Update

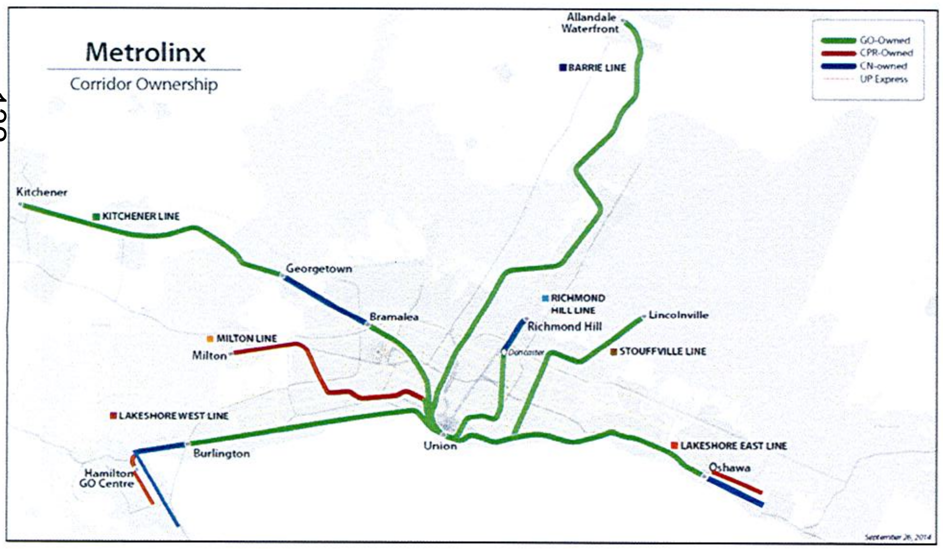
MAY 2019

LAKESHORE EAST: UNION - OSHAWA - BOWMANVILLE

Existing Daily Service, All Day

Service Description

- Daily GO train service provided all day in both directions between Oshawa & Union Station
- Daily GO bus service provided all day between Bowmanville / Newcastle & Oshawa GO, connecting with GO trains to/from Union Station



*SUBJECT TO COMPLETION OF A FULL BUSINESS CASE ANALYSIS

EXECUTIVE SUMMARY

- Preliminary design is complete for Option 1 (of the four options). The cost estimate for this option grew from $550M to $721M, primarily driven by additional infrastructure for maintaining operational resilience at Whitby Rail Maintenance Facility. In addition, CP provided requirements that Mx estimates could drive capital costs to $1.2B.
- Four alignment options to implement the Bowmanville extension are being evaluated to achieve cost compliance and maximize benefits
- Preliminary results show that two options, Option 3 and 4, are achievable within the approved budget and deliver Benefit Cost ratios near 1.

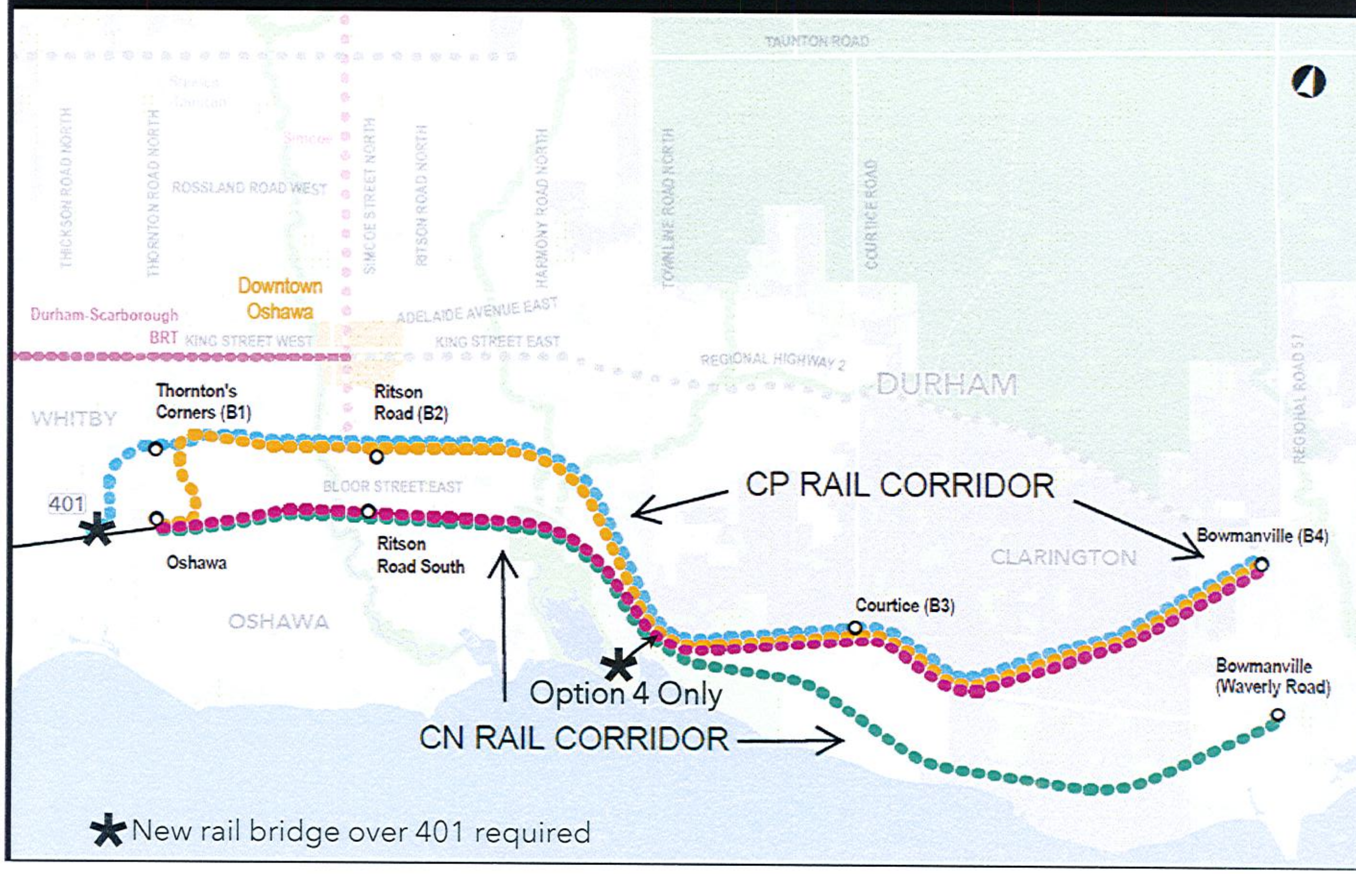
STUDY AREA

ALIGNMENT OPTIONS
- Option 1 (CP Alignment)
- Option 2 (CP GM Alignment)
- Option 3 (CN Alignment)
- Option 4 (CN/CP Alignment)
- Potential Station Location

REGIONAL GO RAIL NETWORK
- Existing GO Rail

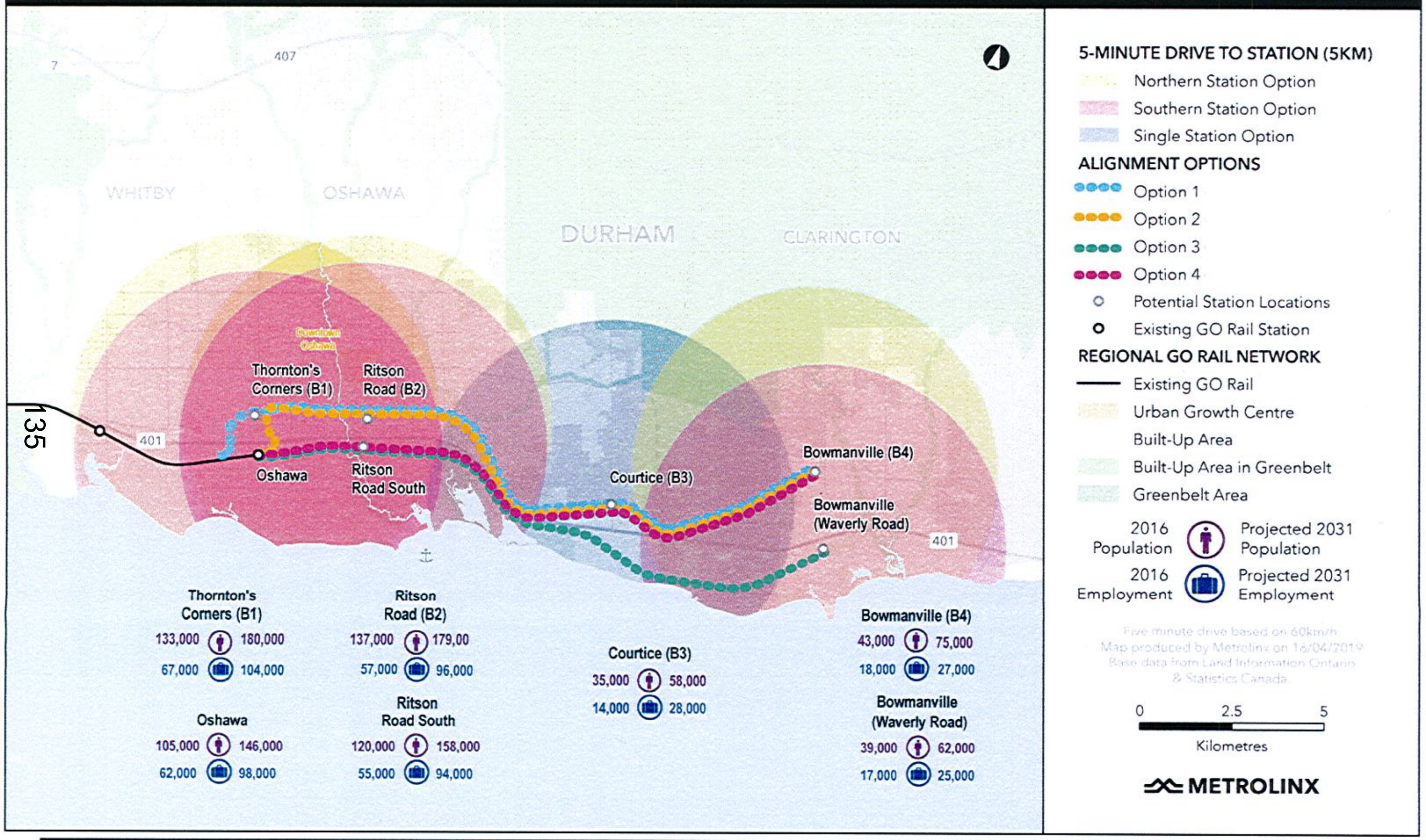
FREQUENT RAPID TRANSIT NETWORK
- In Development LRT / BRT
- Proposed LRT / BRT
- Proposed Priority Bus
- Urban Growth Centre
- Built-Up Area
- Built-Up Area in Greenbelt
- Greenbelt Area

Bowmanville Rail Extension Alignments Under Review



POPULATION AND EMPLOYMENT DENSITY IN DRIVING CATCHMENTS

Population & Jobs in a Five Minute Drive To Potential Station Locations on Bowmanville Rail Extension

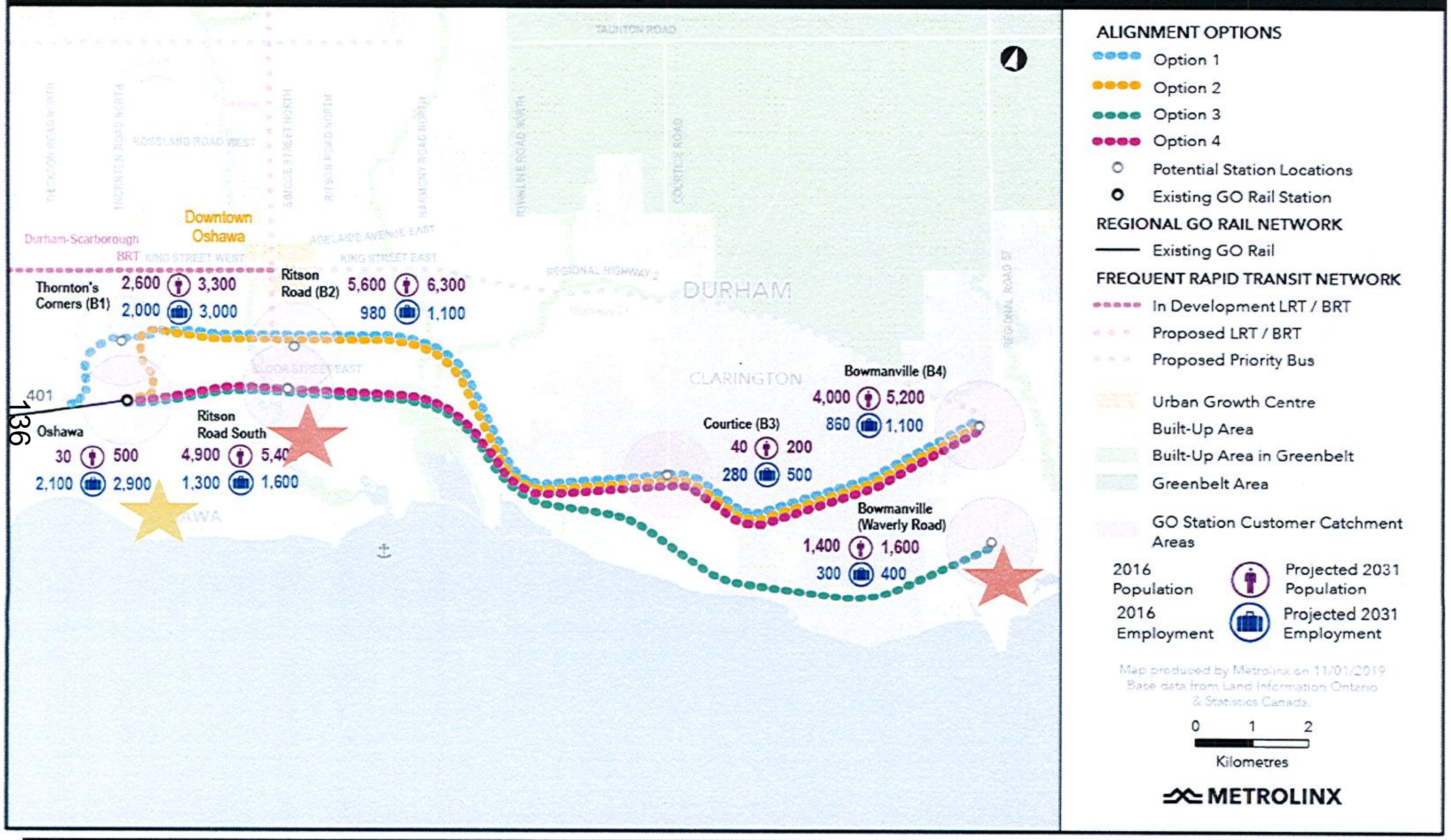


- Using Regional Travel Demand Model, vehicular access remains predominate mode choice for all alignments
- Station location has limited impact for vehicular mode choice, and impact mitigated by longer drive times
- 5min driving catchment shown for illustration

Alignment

POPULATION AND EMPLOYMENT DENSITY IN WALKING CATCHMENTS

Projected Population & Employment Density along the Bowmanville Rail Extension Alignments in 2031



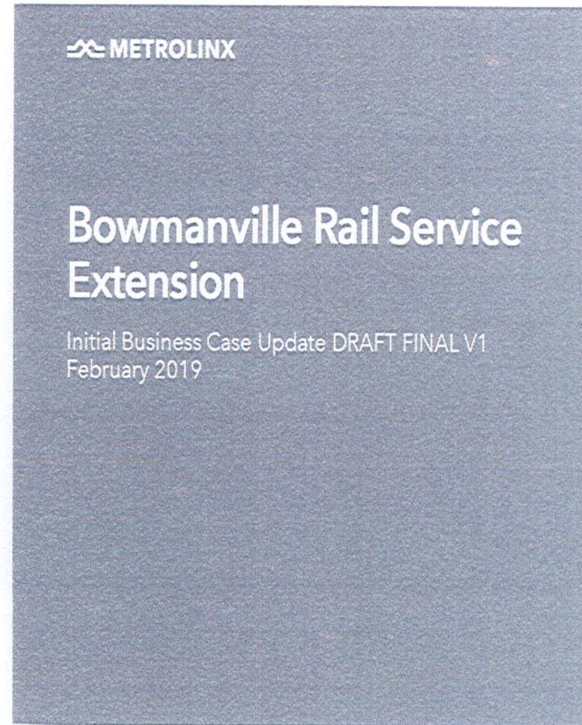
Walking, local transit and microtransit opportunities shown

5 - 10% net new ridership uplift anticipated for innovative micro-transit opportunities and/or new local transit connections

Future of GM site could reverse employment and population estimates if land use changes

INITIAL BUSINESS CASE UPDATE: NEXT STEPS

- All options continue to move forward - Option 1 included in business case to understand impact of updated assumptions
- 2019 Initial Business Case Update yields initial Benefit Cost Ratios for all-day service all in the range of 1
  - This is a significant improvement from the 2017 Initial Business Case Benefit Cost Ratio of 0.56 as previously reported for Option 1
- Draft currently undergoing internal circulation
- Will work with Durham Region staff to confirm planning assumption
- Briefings with Durham Region will be part of the release of the Initial Business Case Update



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C.S. - LEGISLATIVE SERVICES

Attachment 3

Original To:	CIP
Copy To:	G. Cubitt ✓ Regional Chair
	Dept Heads ✓
C.C. S.C.C. File	
Take Appr. Action	

METROLINX

Office of the President & Chief Executive Officer
Phil Verster
Phil.Verster@metrolinx.com
(416) 202-5908

November 29, 2018

Dear Municipal Partner,

RE: Transit Oriented Development, Market Driven Approach

On Monday, Jeff Yurek, Minister of Transportation addressed the Economic Club of Canada to announce that Metrolinx has been asked to assess the status of transit projects and determine the feasibility of applying a market driven approach to delivering transit infrastructure, starting with new GO stations. This means that the current delivery process for new GO stations will be changed while we work with you and development partners to determine where there are opportunities for third party investment to deliver them. This review will include assessment of stations that are not yet in delivery, including those proposed with the Lakeshore East corridor extension to Bowmanville.

Metrolinx has consistently planned for the integration of transit and land-use, and this new approach is an exciting opportunity to move this plan forward with each new GO station. Not only can this approach save tax dollars and exponentially grow transit ridership, it will create and leverage the true value of transit and deliver much more than just transit stations; it will deliver local integrated built environments that offer the services people want at the doorstep of where people will live, work and play.

Metrolinx believes there is strong market demand for this approach. We also recognize that there are many models and implementation options. We are acting quickly to develop a stations delivery policy and look forward to reviewing this with you in the near future.

As always, Metrolinx will continue to provide our best advice to the government through the business case lifecycle for all major transit projects, based on thorough evidence-based evaluation of transit project benefits and costs. That commitment remains unchanged. This new approach also does not affect the government's decision-making prerogative to fund or build transit infrastructure, including new stations.

We look forward to our continued work with the Province, with you and all municipalities and third parties on a transit oriented development, market driven approach. Together we can support a stronger local economy with benefits for the whole region while creating the new and seamlessly connected communities we have long envisioned.

If you have any questions please feel free to contact Michael Norton, Director, Business Strategy and Land Development at 416-202-3576 or Michael.Norton@metrolinx.com.

In addition, work continues on the business case process for the Bowmanville Extension. We also look forward to providing a technical briefing to review the findings of the Business Case once it has gone through Metrolinx Board approval.

Stay Well,

Phil Verster
President & CEO

If this information is required in an accessible format, please contact 1-800-706-9857 ext. 6203

The Regional Municipality of Durham Report

To:	Committee of the Whole
From:	Commissioner of Planning and Economic Development
Report:	#2019-COW-20
Date:	June 12, 2019

Subject:

Endorsement of Broadband Project by FlashFibr

Recommendation:

That the Committee of the Whole recommends to Council:

That the Region of Durham endorse and provide support-in-principle for the proposed Broadband infrastructure project by FlashFibr, which aligns with and advances the strategic priorities outlined in the Council-approved Regional Broadband Strategy.

Report:

1. Purpose

1.1 The purpose of this report is to seek Council's endorsement and support for a broadband infrastructure construction project in the Region of Durham by Internet Service Provider ("ISP") FlashFibr. Council's endorsement has been requested by FlashFibr to meet the requirements of their potential funding partners. This report also provides information regarding the project's alignment with the Regional Broadband Strategy.

2. Background

2.1 Council has recognized the importance of adequate broadband infrastructure for the wellbeing and economic competitiveness of the Region's residents, businesses, and institutions, by approving the Region's "Connecting our Communities: A Broadband Strategy for Durham Region", in February this year. The Broadband Strategy describes the current state of connectivity, identifies current service gaps and defines the role of the Region in the provision of broadband services.

2.2 Broadband (high speed Internet) provides connectivity in a world that is increasingly moving online. Access to broadband is often associated with quality of life and the economic competitiveness of communities. The Broadband Strategy envisions that Durham's residents, businesses, and institutions will have access to fast, reliable, and affordable broadband services so that they may fully participate, compete, and thrive in the 21st century.

2.3 Facilitating and enabling the deployment of broadband services to residents and businesses of the Region aligns with the corporate directions contained in the Region's Strategic Plan as well as the Economic Development Strategy and Action Plan.

2.4 The Region's priorities, outlined in the Broadband Strategy, are to i) create an environment of coordination and collaboration; ii) address service gaps; and iii) support improved affordability.

2.5 Funding from the Federal government has been announced under the re-initiated Connect to Innovate program, the newly created Universal Broadband Fund and the Canada Infrastructure Bank. The funding will support businesses to provide broadband services to rural, remote and underserved communities.

2.6 Economic Development staff have reached out to ISPs that had previously made an application under the CTI program, including FlashFibr, regarding the renewed funding program now available, and have offered letters of support for current or new applications for funding. Economic Development staff, along with Information Technology staff, are actively meeting with several ISP's to discuss the broadband service needs of the Region.

3. Discussion

3.1 Staff have reviewed the proposed broadband infrastructure project by FlashFibr and evaluated its alignment with the strategic priorities of the Broadband Strategy. The proposed phased project plan aligns with the priorities of creating an environment of coordination and collaboration; enabling improved affordability; and ultimately, will result in high speed service expansion (to minimum 50/10mbs download/upload speeds) in and across all municipalities in the Region, including under-serviced areas. FlashFibr's request for Regional Council support is specifically for phase one of their project.

3.2 This Council endorsement does not preclude any other ISPs from pursuing other broadband expansion projects in the Region, and Durham remains interested in and committed to supporting all projects that align with and advance the priorities identified in the Broadband Strategy.

3.3 Specific project details are attached as Confidential Attachment #1: Proposed Project Plan Overview. Confidential Attachment #1 was prepared by FlashFibr in consultation with Regional staff. This attachment includes commercial information that was supplied in confidence to the Region by FlashFibr which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of FlashFibr and therefore must remain confidential (Municipal Act, Sec. 239).

3.4 There are no financial commitments, liabilities, or risks to the Region resulting from the Region's endorsement of this project.

4. Conclusion

4.1 FlashFibr's proposed phased project plan for broadband infrastructure construction in the Region is in alignment with the strategic priorities of the Broadband Strategy, and the project proposes to deliver faster, more affordable broadband service to broad geographic areas within the Region. It is recommended that, at the request of FlashFibr for the purposes of project financing, Regional Council endorsement and support-in-principle for their project, be provided.

5. Attachments

Confidential Attachment #1: Proposed Project Plan Overview (Provided Under Separate Cover)

Respectfully submitted,

Original signed by

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

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

The Regional Municipality of Durham Report

To:	The Committee of the Whole
From:	Commissioner of Works and Commissioner of Finance
Report:	#2019-COW-21
Date:	June 12, 2019

Subject:

Financing Terms for the Extension of Municipal Water Supply Services Resulting from Successful Petitions for Properties Located Within the Provincial Greenbelt

Recommendations:

That the Committee of the Whole recommends to Regional Council:

A) That Schedule E of By-law #89-2003 be amended to reflect the addition of the following payment terms for extension of municipal water supply services resulting from successful petitions for properties located within the Greenbelt:

i) The annual interest rate for the payment of frontage charges for the extension of municipal water supply services to properties in the Greenbelt be established at the prime rate of the Region's financial institution plus 1.5 per cent (to a maximum of 6 per cent), with the prime rate based on the date the final letter outlining fees owing is issued; and

ii) The payment term for the frontage charges for the extension of services to properties in the Greenbelt be 10 years or 15 years at the option of the property owner.

B) That Corporate Services – Legal Services be directed to prepare an amending by-law to amend By-Law #89-2003, generally in the form included as Attachment #1 to this report, for presentation to Regional Council for passage;

C) That staff be authorized to take all steps required and necessary to give effect to the amendments contemplated to By-Law #89-2003 as indicated in the form included as Attachment #1; and

D) That a review of payment terms related to frontage charges for the extension of water supply and sanitary sewerage services resulting from a successful petition process (within or outside of the Provincial Greenbelt) be reviewed as part of the 2020 User Rate Study.

Report:

1. Purpose

1.1 The purpose of this report is to provide alternative financing terms related to successful petitions for the extension of municipal water supply services within the Provincial Greenbelt.

2. Background

2.1 At the Regional Municipality of Durham (Region) Council meeting of May 29, 2019, the following motion was approved:

> WHEREAS the properties outside the urban boundary within the Greenbelt may require municipal servicing due to health issues;
>
> AND WHEREAS servicing is backed by a petition supported by a minimum of two-thirds of existing property owners, representing 50 per cent of the property value of the benefiting lands;
>
> AND WHEREAS the proposed area has not been identified for connection, and not forecasted to receive regional or municipal capital funds;
>
> AND WHEREAS servicing projects are subject to high capital costs which unduly burden residents with full financial responsibility, and not all property owners are in the financial position to cover the expenses associated with a project of this scale- regardless of the health risks;
>
> AND WHEREAS Regional Council may set financial terms and conditions to offset the financial burden.

NOW THEREFORE IT BE RESOLVED THAT staff be directed to examine financing options to make it more feasible and affordable for property owners within the Greenbelt to connect to municipal services, including but not limited to: payment terms, lower interest rates, cost share programs and twinning with planned road works, and report back to Regional Council.

2.2 The frontage charges for a water supply or sanitary sewer petition project are established through the passage of a by-law specific to that petition and project's actual costs for each applicable property within the petition area. The cost to install the services are the responsibility of each applicable property owner in the petition area regardless of whether they connect to the services or not. Frontage charges (payment for the mainline pipe within the public right of way across the frontage of each property) are payable upon completion of the construction project. Separate service connection charges (payment for the service connection from the mainline pipe to the front property line of each property) are imposed at the time of connection.

3. Review of Financing Options for Property Owners

Interest Rate and Payment Period

3.1 Payment terms for frontage charges are established by the Region as part of the annual User Rate Study. Water Supply System By-law #89-2003 established the current repayment terms of 10-years with a six per cent annual interest rate for the extension of water services. Connection charges to the water supply system must be paid in full at the time of connection.

3.2 The current interest rate does not adjust for fluctuations in the lending market and are based on historically prescribed rates. Staff have considered what an appropriate interest rate could be to address changes in the market and recommend a formula that is based on the prime interest rate at the Region's financial institution plus 1.5 per cent (to a maximum of 6 per cent), with the prime rate based on the date the final letter outlining fees owing is issued. This is to cover off the interest rate risk related to rate hikes for such a lengthy fixed term loan.

3.3 The current payment period has been established at 10 years. Recognizing that the cost of installing services to residents in the Greenbelt can be quite high and are initiated to address health issues as determined by Regional Council, staff have reviewed this payment term. Allowing residents in the Greenbelt area to extend the payment terms at their option for the extension of water supply services to 15 years will reduce the annual payments required. It is important to note that due to the extended payment period, the overall cost to resident will be higher due to the interest cost for the additional term.

Cost Sharing

3.4 The Region's policy related to local improvements has been that the cost to extend municipal services as the result of a successful petition be the responsibility of the properties benefiting from the extension of the services. Exemptions apply in instances where a lot is deemed to be undevelopable due to natural features on site that prevent the construction of a building, such as wetlands or flood plains. It is recommended that this policy continue to be in place for petitions including those for residences located in the Greenbelt.

3.5 The Region's Share Policy for development requires that services for new subdivisions and development be funded by the proponents. This policy ensures that the cost of development is not placed onto existing use rate payers.

3.6 The local municipality may contribute to the cost of extending services. This contribution amount must be conveyed to the Region for inclusion in the by-law establishing the frontage charges payable per property to reflect an accurate calculation.

3.7 The local municipality and the Region may also leverage grant opportunities that may be available to assist in reducing the cost to extend services as a result of a successful petition process.

Combining Servicing with Planned Road Works

3.8 The establishment of the annual Water Supply and Sanitary Sewerage Capital Budgets involves consultation with the local municipalities to coordinate construction work. Through this coordination, overall construction costs and impacts to residents are reduced.

3.9 Regional staff will continue to plan the implementation of petition-based service extensions in coordination with local municipal road projects to ensure the proper planning, design and financing is considered to allow these projects to proceed as efficiently and effectively as possible. This coordination can result in reduced costs to the petition projects related to restoration.

3.10 While this report considers only municipal water supply services for properties located within the Provincial Greenbelt, Regional staff will undertake a review of the payment terms related to frontage charges for the extension of water supply and sanitary sewerage services resulting from a successful petition process (within or outside of the Provincial Greenbelt) as part of the 2020 User Rate Study.

4. Conclusion

4.1 Staff recommend that the amendments to Schedule E of By-law #89-2003 as reflected in the recommendations of this report be approved.

4.2 This report has been reviewed by the Legislative Services and Legal Services Divisions of the Corporate Services Department and Finance Department.

4.3 For additional information, please contact Jenni Demanuele, Director, Business Services, Works Department at 905-668-7711 extension 3456.

5. Attachments

Attachment #1: Amendment to Schedule E of By-Law #89-2003 respecting the Water Supply System in the Regional Municipality of Durham and the establishment of water rates and water charges

Respectfully submitted,

Original signed by John Presta for:

Susan Siopis, P.Eng.
Commissioner of Works

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

Authority: Report #_________

By-law Number **-2019

of The Regional Municipality of Durham

Being a by-law to amend the by-law respecting the Water Supply System in the Regional Municipality of Durham and the establishment of water rates and water charges and being By-Law No. 89-2003 of the Regional Municipality of Durham.

Now therefore, the Council of The Regional Municipality of Durham hereby enacts as follows:

That Schedule E of By-law #89-2003 be amended to reflect the addition of the following payment terms for extension of municipal water supply services resulting from successful petitions for properties located within the Greenbelt:

a. The annual interest rate for the payment of frontage charges for the extension of services to properties in the Greenbelt be established at the prime rate at the Region's financial institution plus 1.5 per cent (to a maximum of 6 per cent), with the prime rate based on the date the final letter outlining fees owing is issued; and

b. The payment term for the frontage charges for the extension of services to properties in the Greenbelt be 10 years or 15 years at the option of the property owner.

This By-law comes into force on the date of its passage.

This By-law Read and Passed on the -----th day of -------------, 2019.

____

John Henry
Regional Chair and CEO

____

Ralph Walton
Regional Clerk