



The Regional Municipality of Durham

Finance & Administration Committee Agenda

Regional Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

February 11 and 12, 2020

9:30 AM

1. Declarations of Interest

2. Adoption of Minutes

A) Finance & Administration Committee meeting –
January 14, 2020

Pages 7 - 15

B) Special Finance & Administration Committee
meeting – January 29, 2020

Pages 16 - 21

3. Statutory Public Meetings

There are no statutory public meetings

4. Delegations

There are no delegations

5. Presentations

There are no presentations

6. Administration

6.1 Correspondence

6.2 Reports

There are no Administration Reports to consider

7. Finance

7.1 Correspondence

7.2 Reports

- A) Amendment to Vehicle Advance and Casual Travel Reimbursement Rates Policy (2020-F-2) 22 - 27

8. Business Plan and Budget Review and Property Tax Study

8.1 Presentations

- A) Elaine Baxter-Trahair, Chief Administrative Officer, Nancy Taylor, Commissioner of Finance, and Nicole Pincombe, Director, Business Planning, Budgets and Risk Management, re: The 2020 Regional Business Plans and Budgets for Property Tax Purposes, including General Purpose, Solid Waste Management and Durham Region Transit (2020-F-4) and 2020 Strategic Property Tax Study (2020-F-3)

8.2 Correspondence

- A) Memorandum from the Transit Executive Committee, re: 2020 Durham Region Transit Business Plans and Budgets (2020-DRT-05) 28

Recommendation: Refer to consideration of Report #2020-F-4

- B) Memorandum from the Health & Social Services Committee, re: 2020 Health Department Business Plans and Budgets (2020-MOH-1) 29

Recommendation: Refer to consideration of Report #2020-F-4

- C) Memorandum from the Health & Social Services Committee, re: 2020 Social Services Department Business Plans and Budgets (2020-SS-1) 30

Recommendation: Refer to consideration of Report #2020-F-4

- D) Memorandum from the Planning & Economic Development Committee, re: 2020 Planning and Economic Development Department Business Plans and Budgets (2020-P-1) 31 - 32

Recommendation: Refer to consideration of Report #2020-F-4

- E) Memorandum from the Works Committee, re: 2020 Works Department General Tax and Solid Waste Management Business Plans and Budgets (2020-W-15) 33
Recommendation: Refer to consideration of Report #2020-F-4
- F) Memorandum from the 9-1-1 Management Board, re: 9-1-1 Management Board 2020 Budget 34
Recommendation: Refer to consideration of Report #2020-F-4
- G) Memorandum from the Durham Regional Local Housing Corporation, re: 2020 Durham Regional Local Housing Corporation Business Plan and Budget 35
Recommendation: Refer to consideration of Report #2020-F-4

8.3 Business Plans and Budgets

- A) Conservation Authorities 2020 Business Plans and Budgets
- Central Lake Ontario
 - Kawartha Region
 - Ganaraska Region
 - Toronto and Region
 - Lake Simcoe Region
- B) Durham Regional Police Service 2020 Business Plans and Budgets
- C) Durham Region Transit 2020 Business Plans and Budgets
- D) Health 2020 Business Plans and Budgets
- Public Health
 - Paramedic Services
- E) Social Services 2020 Business Plans and Budgets
- Emergency Management and Program Support Services
 - Social Assistance
 - Children's Services
 - Family Services
 - Housing Services

- Long Term Care and Services for Seniors
- F) Planning & Economic Development 2020 Business Plans and Budgets
 - Planning
 - Economic Development and Tourism
- G) Works 2020 Business Plans and Budgets
 - Works – General Tax
 - Solid Waste Management
- H) Finance & Administration 2020 Business Plans and Budgets
 - Regional Council
 - Regional Chair's Office
 - Chief Administrative Officer
 - Corporate Services
 - Durham Emergency Management Office
 - Emergency 9-1-1 Telephone System
 - Finance
 - Non Departmental
 - Special Contributions
 - Durham Regional Local Housing Corporation
 - Social Housing – Corporate

8.4 Reports

- A) 2020 Strategic Property Tax Study (2020-F-3) 36 - 58
- B) The 2020 Regional Business Plans and Budgets for Property Tax Purposes, including General Purpose, Solid Waste Management and Durham Region Transit (2020-F-4) Enclosed Budget Binder

[Link to 2020 Business Plans and Budgets – Works – General Tax](#)

[Link to 2020 Business Plans and Budgets – Solid Waste Management](#)

[Link to 2020 Business Plans and Budgets – Health](#)

[Link to 2020 Business Plans and Budgets – Social Services – Part 1](#)

[Link to 2020 Business Plans and Budgets – Social Services – Part 2](#)

[Link to 2020 Business Plans and Budgets – Planning and Economic Development](#)

[Link to 2020 Business Plans and Budgets – Finance and Administration](#)

[Link to 2020 Business Plans and Budgets – Regional Headquarters](#)

[Link to 2020 Business Plans and Budgets – Conservation Authorities](#)

[Link to 2020 Business Plans and Budgets – Durham Regional Police Services Board](#)

[Link to 2020 Business Plans and Budgets – Durham Region Transit](#)

[Link to 2020 Business Plans and Budgets – DRLHC – Social Housing – Corporate – Fees and Charges](#)

9. Advisory Committee Resolutions

9.1 Durham Region Roundtable on Climate Change

- A) [Letter from Regional Chair Henry on behalf of the DRRCC to the Members of Parliament Representing Durham Region Ridings](#)

Recommendation: Approval and subsequent recommendation to Regional Council

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10. Confidential Matters

There are no confidential matters to be considered

11. Other Business

12. Date of Next Meeting

Tuesday, March 10, 2020 at 9:30 AM

13. Adjournment

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The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, January 14, 2020

A regular meeting of the Finance & Administration Committee was held on Tuesday, January 14, 2020 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM

Present: Councillor Foster, Chair
Councillor Collier, Vice-Chair, left the meeting at 11:20 AM due to municipal business
Councillor Ashe
Councillor Drew
Councillor Leahy attended the meeting at 9:35 AM
Councillor Mulcahy
Councillor Nicholson
Regional Chair Henry

Also

Present: Councillor Crawford left the meeting at 11:19 AM
Councillor Dies
Councillor Lee

Staff

Present: E. Baxter-Trahair, Chief Administrative Officer
J. Austin, Deputy General Manager, Business Services, DRT
D. Beaton, Commissioner of Corporate Services
C. Drimmie, Manager, Corporate Initiatives, Office of the CAO, attended for part of the meeting
W. Holmes, General Manager, DRT
J. Hunt, Director, Legal Services, Corporate Services – Legal
R. Inacio, Systems Support Specialist, Corporate Services - IT
T. Lavery, Manager, Corporate Communications
J. Nielsen, Manager, Information Management, Corporate Services – Legislative Services, attended for part of the meeting
M. Simpson, Director, Financial Planning & Purchasing
N. Taylor, Commissioner of Finance
R. Walton, Regional Clerk/Director of Legislative Services
A. Wismer, Economic Analyst, Financial Planning & Purchasing
T. Fraser, Committee Clerk, Corporate Services – Legislative Services

1. Declarations of Interest

There were no declarations of interest.

2. Adoption of Minutes

Moved by Regional Chair Henry, Seconded by Councillor Ashe,

- (1) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, December 10, 2019, be adopted.

CARRIED

3. Statutory Public Meetings

There were no statutory public meetings.

4. Delegations

- 4.1 Paul Allore, CAO, Township of Scugog, Mark Majchrowski, CAO, Kawartha Conservation Authority, Pat Bunting, Director for the Lake Scugog Enhancement Program, Scugog Lake Stewards Inc., and Rob Messervey, President, Scugog Lake Stewards Inc., re: Lake Scugog Enhancement Project

Moved by Councillor Nicholson, Seconded by Councillor Mulcahy,

- (2) That the Rules of Procedure be suspended in order to provide Rob Messervey and Pat Bunting 20 minutes for their delegation.

CARRIED on a 2/3rds Vote

Councillor Drew advised that the Lake Scugog Enhancement Project (LSEP) is an environmental improvement and dredging project for Port Perry Bay that benefits the entire Lake. She also advised that the LSEP is a key strategic priority of Scugog Council and that the project is fully supported by scientific studies and the community as a whole. Councillor Drew introduced the members of the Healthy Lake Scugog Steering Committee in attendance at the meeting.

Rob Messervey and Pat Bunting provided a PowerPoint presentation with an overview of the Lake Scugog Enhancement Project (LSEP). Highlights of their presentation included:

- Lake Scugog Enhancement Project (LSEP) Overview
- Project Genesis
- The Lake Scugog Watershed as Natural Capital
- Lake Scugog is vital to the local economy
- Lake Scugog is Challenged
- The Problem
- The Solution
- Wetland Benefits
- LSEP Benefits

- LSEP Risks
- Protecting Lake Scugog aligns with strategic directions
- LSEP Support

Moved by Councillor Drew, Seconded by Councillor Leahy,
(3) That the Rules of Procedure be suspended in order to give Rob Messervey and Pat Bunting an additional 5 minutes to finish their delegation.

CARRIED on a 2/3rds Vote

- LSEP Schedule
- LSEP requires funding
- LSEP Funding Strategy
- We Need Your Support

P. Bunting advised that the fundraising target is \$5.25 million, and the fundraising strategy involves four stages. He also advised that their target is for stage 1 (government) to provide 80% of the funding. He stated that they see Durham Region funding as a cornerstone for the Lake Scugog Enhancement Project funding strategy and he noted that a business case has been submitted to the Region under the Community Investment Grant Fund requesting \$2 million.

R. Messervey and P. Bunting responded to questions from the Committee.

Moved by Councillor Drew, Seconded by Councillor Leahy,
(4) That the presentation on the Lake Scugog Enhancement Project and request for a financial commitment from the Region of Durham Community Investment Grant Fund in the amount of \$2 million be referred to staff for a future recommendation to Finance and Administration Committee.

CARRIED LATER IN THE MEETING
(See Following Motion)

Moved by Councillor Drew, Seconded by Councillor Collier,
(5) That the Rules of Procedure be suspended in order to allow debate on the foregoing referral motion of Councillors Drew and Leahy.

CARRIED on a 2/3rds Vote

N. Taylor responded to questions with respect to whether the request meets the criteria for the Community Investment Grant Fund; the anticipated timing for a report to the Finance and Administration Committee; Regional reserve fund balances; and funding opportunities from the federal and provincial governments. Discussion ensued with respect to the project; waterfront issues in other municipalities; and area municipal funding constraints.

The main motion (4) of Councillors Drew and Leahy was then put to a vote and CARRIED.

The Committee recessed at 10:22 AM and reconvened at 10:28 AM.

5. Presentations

There were no presentations.

6. Administration

6.1 Correspondence

There were no communications to consider.

6.2 Reports

A) Information Management Policy (2020-A-1)

Report #2020-A-1 from D. Beaton, Commissioner of Corporate Services, was received.

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

That the Information Management Policy, included as Attachment #1 to Report #2020-A-1 of the Commissioner of Corporate Services, be approved.

CARRIED

B) Update Personal Information Privacy Policy and Associated By-law (2020-A-2)

Report #2020-A-2 from D. Beaton, Commissioner of Corporate Services, was received.

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

A) That the Region's Personal Information Privacy Policy, (Attachment 1 to Report #2020-A-2), as revised to comply with the requirements of the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) and the Personal Health Information Protection Act (PHIPA) be adopted; and

B) That, after consultation with the Health Information Custodian for the Social Services Department, the Director of Legal Services be requested to prepare a by-law to designate the Regional Clerk as the Contact Person for each of the Region's Health Information Custodian functions, except for the Health Department.

CARRIED

- C) Approval and execution of Contraventions Transfer Payment Agreement with Attorney General of Ontario (2020-A-3)
-

Report #2020-A-3 from D. Beaton, Commissioner of Corporate Services, was received.

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

That Regional Council approve and authorize the execution of the Contraventions Transfer Payment Agreement with the Attorney General of Ontario. Further, that Regional Council authorize the Commissioner of Corporate Services to give such instructions and to take any and all such actions as are required to carry out the execution of the Contraventions Transfer Payment Agreement.

CARRIED

- D) Corporate Records Retention By-law (2020-A-4)
-

Report #2020-A-4 from D. Beaton, Commissioner of Corporate Services, was received.

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

That Records Retention By-law #56-2018, be repealed and replaced with the Records Retention By-law in the form included as Attachment #1 to Report #2020-A-4 of the Commissioner of Corporate Services.

CARRIED

7. Finance

7.1 Correspondence

- A) Correspondence from The Town of Whitby re: Resolution passed at their Council meeting held on November 25, 2019, regarding Gas Tax Funds
-

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

That correspondence from the Town of Whitby, re: resolution passed at their Council meeting held on November 25, 2019, regarding Gas Tax Funds, be endorsed.

CARRIED

7.2 Reports

A) 2020 Transit Strategic Issues and Financial Forecast Report (2020-F-1)

Report #2020-F-1 from N. Taylor, Commissioner of Finance, was received.

Staff responded to questions with respect to public consultation on the proposed transit fare strategy; the transition to PRESTO and elimination of tickets; approval process for the proposed U-PASS increase; DRT's revenue cost ratio; how DRT's revenue cost ratio compares to other transit services; opportunities to re-engage school boards and student transportation; other sources of revenue; the last increase to cash fares; the availability of PRESTO cards for social assistance recipients; revenue from the U-PASS, provincial gas tax and federal gas tax; and whether an analysis has been completed related to fare changes and impact on ridership.

Discussion ensued with respect to the proposed transit fare increases; DRT's revenue cost ratio; the transition to PRESTO electronic fare payment; and the Transit Executive Committee reporting process. Councillor Collier clarified that all members of Regional Council are members of the Durham Region Transit Commission and may attend Transit Executive Committee meetings.

It was suggested that staff speak to Kingston Transit about their experiences related to increasing ridership and revenues by lowering transit fares.

Councillor Nicholson asked staff to provide him with a copy of the previous approvals provided by Regional Council related to the PRESTO Agreement with Metrolinx.

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

- A) That the 2020 Transit Strategic Issues and Financial Forecast Report be approved and forwarded to the 2020 Business Planning and Budget deliberations;
- B) That, effective May 1, 2020, the following transit fare increases be implemented, estimated to generate approximately \$270,000 in new fare revenue in 2020 based on DRT's ridership forecast of 11.25 million:
 - i) The Adult single-ride PRESTO and Ticket fares to increase by \$0.05 from \$3.20 to \$3.25;
 - ii) The Youth single-ride PRESTO and Ticket fares to increase by \$0.05 from \$2.85 to \$2.90;
 - iii) The Senior and Child (if applicable subject to recommendation C) single-ride PRESTO and Ticket fares to increase by \$0.05 from \$2.10 to \$2.15;

- iv) The Adult and Youth Cash fare to increase by \$0.25 from \$3.75 to \$4.00; and
- v) The Senior and Child (if applicable subject to recommendation C) Cash fare to increase by \$0.25 from \$2.50 to \$2.75;
- C) That the requirement for children riding free to be accompanied by a fare paying customer be removed, allowing all children 12 years of age and younger to ride transit free of charge effective March 1, 2020;
- D) That, as a result of Kids Ride Free being made permanent and subject to the requirement for children riding free to be accompanied by a fare paying customer being removed, all Child Ticket and Pass sales, PRESTO Child fares and the Ride-to-Read program be eliminated effective May 1, 2020; and
- E) That the Treasurer and General Manager of Durham Region Transit be authorized to execute a one-year extension to the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus), including a two per cent increase in the fee per eligible student from \$139.00 per semester to \$141.75 per semester for the period of September 1, 2020 to August 31, 2021.

CARRIED LATER IN THE MEETING
(See Following Motion)

Moved by Councillor Nicholson, Seconded by Councillor Ashe,

- (12) That the fare increases outlined in Part B) of the main motion (11) of Councillor Collier and Regional Chair Henry be deferred for a minimum of 12 months to allow for a full public information and participation process on the fare strategy and further that staff undertake a fare impact review that will identify the impact on ridership of various higher and lower fare scenarios.

DEFEATED ON THE FOLLOWING
RECORDED VOTE:

Yes

Councillor Nicholson

No

Councillor Ashe
Councillor Drew
Regional Chair Henry
Councillor Leahy
Councillor Mulcahy
Councillor Foster, Chair

Members Absent: Councillor Collier

Declarations of Interest: None

The main motion (11) of Councillor Collier and Regional Chair Henry was then put to a vote and CARRIED.

8. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

9. Confidential Matters

There were no confidential matters to be considered.

10. Other Business

10.1 Allocation of Property Taxes

Councillor Nicholson inquired if there are any plans to look at the impacts of changes to tax sharing between the upper and lower tier municipalities. He advised that the share of taxes collected between the upper and lower tier municipalities has changed over the years and the Regional share of the tax bill has increased, resulting in the majority of funds collected going to the Region. He stated his opinion that this is putting some severe pressure on lower-tier municipalities to meet their long-term goals.

N. Taylor advised that there is no allocation process for upper and lower tier taxation. She explained that the proportionate shares are related to each entity's budget decision-making annually, accumulated over time. She also explained that a lower tier municipality will occupy a proportionate share of the local tax bill based on their local approvals, long term financial planning and service level decisions. The Region's proportionate share of the pie is determined based on Regional Council's decisions around service levels to be provided and how funds are allocated across on a service perspective. She added that there is no pre-determined allocation and there is no mechanism under the legislation to enforce a pre-determined allocation. A Regional taxpayer no matter where they live in the Region of Durham pays their equivalent allocated share of taxation based on their assessed value.

N. Taylor advised that staff is working on a report that looks at the shifts in the composition of the tax base including trends with respect to the shrinking non-residential property tax classes that are, in part, the result of changes in the commercial and industrial economy. These trends may have potential implications on the long-term fiscal capacity.

11. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, February 11, 2020 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

12. Adjournment

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

CARRIED

The meeting adjourned at 11:33 AM

Respectfully submitted,

A. Foster, Chair

T. Fraser, Committee Clerk

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2097.

The Regional Municipality of Durham

MINUTES

SPECIAL FINANCE & ADMINISTRATION COMMITTEE

Wednesday, January 29, 2020

A special meeting of the Finance & Administration Committee was held on Wednesday, January 29, 2020 in Meeting Room 1-A, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:00 AM

Present: Councillor Foster, Chair
Councillor Collier, Vice-Chair
Councillor Ashe
Councillor Drew
Councillor Leahy
Councillor Mulcahy
Regional Chair Henry

Also

Present: Councillor Anderson
Councillor Barton
Councillor Bath-Hadden
Councillor Highet
Councillor McLean
Councillor Mitchell
Councillor John Neal
Councillor Roy
Councillor Smith
Councillor Wotten

Absent: Councillor Nicholson

Staff

Present: S. Austin, Director, Corporate Policy & Strategic Initiatives
E. Baxter-Trahair, Chief Administrative Officer
D. Beaton, Commissioner of Corporate Services
B. Bridgeman, Commissioner of Planning & Economic Development
W. Holmes, General Manager, DRT
J. Hunt, Director, Legal Services, Corporate Services – Legal
T. Laverty, Manager, Corporate Communications
I. McVey, Manager of Sustainability, Office of the CAO
N. Taylor, Commissioner of Finance
R. Walton, Regional Clerk, Corporate Services – Legislative Services
M. White, Systems Support Specialist, Corporate Services – IT
S. Penak, Committee Clerk, Corporate Services – Legislative Services

1. Declarations of Interest

There were no declarations of interest.

2. Delegations

2.1 Brian Kelly, Durham Resident, re: Durham Region Climate Change Emergency Declaration

Brian Kelly appeared before the Committee in support of the Durham Region Climate Change Emergency Declaration.

B. Kelly stated that Regional Council adopted mitigation targets for the Durham Region community back in 2010.

B. Kelly offered the following recommendations which he stated were consistent with current science:

- 2025 Short Term Target -25% reduction of greenhouse gas (GHG) emissions;
- 2030 Mid Term Target -50% reduction of GHGs;
- 2040 Long-Term Target -75% reduction of GHGs;
- Net zero emissions by 2050;
- Based on a new base year of 2020;
- Need to create a new greenhouse gas inventory for 2020 and complete them more rapidly; and
- Each decade from now until 2050 GHG emissions need to be halved.

B. Kelly advised that the Region must move quickly to embed appropriate mechanisms and procedures in its decision-making and resource allocation in order to make climate a priority.

2.2 Sari Saredidine, on behalf of Land Over Landings, re: Durham Region Climate Change Emergency Declaration

Sari Saredidine, Chair, Land Over Landings Youth Wing, appeared before the Committee in support of the Durham Region Climate Change Emergency Declaration.

S. Saredidine stated that he is worried about the future his generation is inheriting, and the pivotal role for change belongs to all levels of government and that now is the time to act.

S. Saredidine further stated that Pickering's crops, watersheds, and trees act as a carbon sink, converting carbon into biomass and helping to stabilize the emissions tally, therefore, their first demand would be an end to the Pickering Airport.

S. Sarieddine referenced a section of the declaration that states, “climate change considerations will be embedded across all elements of Region business” and stated that bodes well for the health of North Pickering.

S. Sarieddine advised that he does not want the airport fight to reach a fourth generation.

2.3 Adeline Cohen, on behalf of Friday’s for Future Whitby, re: Durham Region Climate Change Emergency Declaration

Adeline Cohen appeared before the Committee in support of the Durham Region Climate Change Emergency Declaration.

A. Cohen stated that climate change should be the Committee’s number one priority. She referenced climate change related events such as the sinking that is happening in Jakarta where her mother’s family is from and the fires in Australia where father’s family is from.

A. Cohen stated that the Climate Change Emergency Declaration is about preserving our society before it’s too late and added that 63 million people have already been displaced from their homes because of climate change. She stated that in her opinion the current problem will only be made harder because of climate change.

A. Cohen stated that the Declaration is about being part of the solution, and saving our planet is worth our time.

2.4 Suzanne Elston, Durham Resident, re: Durham Region Climate Change Emergency Declaration

Suzanne Elston appeared before the Committee in support of the Durham Region Climate Change Emergency Declaration.

S. Elston stated that climate change is both an environmental and economical issue. She stated that it is time that we recognize that the economy and the environment cannot work in isolation but need to work collaboratively. She advised that the impacts on Regional infrastructure are significant, and that there is a significant economic impact to the Region because of climate change.

S. Elston stated her support for the Declaration and her support for the recommendations that the delegate, Brian Kelly, made earlier in the meeting.

Staff responded to questions regarding why the Durham Region Climate Change Emergency Declaration was brought forward to a Special Meeting of the Finance & Administration Committee.

3. Advisory Committee Resolutions

3.1 Durham Region Roundtable on Climate Change Committee

A) Resolution regarding Durham Region Climate Change Emergency Declaration

Moved by Councillor Leahy, Seconded by Councillor Mulcahy,
(14) That we recommend to Council:

WHEREAS in 2009 Durham Regional Council unanimously adopted the position that “Scientific evidence overwhelmingly supports the conclusion that human activities are fundamentally altering the conditions for life on earth. Climate change and associated global warming is recognized as a severe threat to global systems with the potential for catastrophic outcomes”; and

WHEREAS in the more than ten years since adopting that position, greenhouse gas (GHG) emissions at the national and global level have continued to increase, such that the international community is on the brink of missing the opportunity to limit global warming to levels needed to maintain a climate system that is able to sustain human civilization; and

WHEREAS communities in Durham Region are already experiencing the impacts of climate change, including but not limited to: flooding, emergence of invasive species, increased number of high heat days, and the rise of vector borne diseases. Future climate projections for Durham Region indicate that these impacts will become more intense and severe over the coming decades; and

WHEREAS municipal governments have a crucial role to play in responding to the threat of climate change through policies, programs and capital investments that help reduce greenhouse gas emissions and build adaptive capacity to extreme weather events; and

WHEREAS Durham Region has developed community climate action plans - in partnership with local area municipalities and other key stakeholders - to guide the transition to a low carbon, climate resilient Region while realizing significant economic benefits including household cost savings and job creation; and

WHEREAS Durham Region can join the Government of Canada and more than 400 Canadian municipalities (including several local area municipalities in Durham, the City of Toronto, and other Ontario upper-tier municipalities such as Peel Region, Halton Region, Waterloo Region, Essex County, and Prince Edward County) that have declared climate emergencies and are implementing programs to drastically reduce their communities’ contributions to global carbon emissions; and

WHEREAS the Durham Community Energy Plan articulated the opportunity for climate action to stimulate economic growth in the Region and create job opportunities in the emerging low-carbon economy;

NOW THEREFORE BE IT RESOLVED:

THAT the Regional Municipality of Durham declare a climate emergency for the purposes of naming, framing, and deepening our commitment to protecting our economy, our ecosystems and our communities from climate change;

THAT in response to this emergency declaration, the need to reduce overall emissions from Durham Region, as well as to continue to prepare for Durham Region's future climate, are deemed to be high priorities when considering budget direction and in all decisions of Regional Council;

THAT Region staff be directed to review current corporate plans related to climate change, and develop an overarching Corporate Climate Change Master Plan that:

(1) establishes near-term (2025), mid-term (2030) and long-term (2050) Greenhouse Gas (GHG) emissions reduction targets for the municipal corporation that position the Region as a leader in the community-wide effort to reduce GHG emissions;

(2) identifies near-term corporate climate action priorities for the next 5 years (2020-2025) and requirements to support implementation; and

(3) identifies how climate change considerations will be embedded across all elements of Region business;

THAT staff be directed to review the low carbon pathway in the recently approved Durham Community Energy Plan and:

(1) establish near-term (2025) and mid-term (2030) community GHG emissions reduction targets; and

(2) report on a near-term (2025) implementation plan, including concrete actions and resource implications (staff and financial), as well as necessary roles for various levels of government, individual residents, and the business community, to achieve stated GHG emissions reduction targets;

THAT staff be directed to report back on a plan for the recently established Climate Change Mitigation and Environment Reserve Fund to meet identified corporate and community-facing implementation priorities;

THAT environmental sustainability and climate change be recognized as a strategic priority in the Regional Strategic Plan for the remaining Term of Council, in the updated Regional Official Plan; and

THAT staff be directed to work with senior levels of government to accelerate ambition and action to meet the urgency of climate change and provide resources for municipalities and the public to reduce emissions and build resiliency to climate impacts.

CARRIED AS AMENDED LATER IN THE
MEETING
(See Following Motion)

Moved by Councillor Leahy, Seconded by Councillor Mulcahy,
(15) That the words 'for the remaining Term of Council' in the second last paragraph, be deleted.

CARRIED

The main motion (14) of Councillor Leahy and Councillor Mulcahy was then put to a vote and CARRIED as AMENDED.

4. Adjournment

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

CARRIED

The meeting adjourned at 9:26 AM

Respectfully submitted,

A. Foster, Chair

S. Penak, Committee Clerk



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2020-F-02
Date: February 11, 2020

Subject:

Amendment to Vehicle Advance and Casual Travel Reimbursement Rates Policy

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That the policy for Vehicle Advance and Casual Travel Reimbursement Rates, for reimbursement for the use of a personal vehicle while on Regional business and included in Attachment #1 to this report, be approved, effective January 1, 2020.

Report:

1. Purpose

1.1 The purpose of this Report is to:

- a. update the rates for reimbursement for the use of a personal vehicle while conducting Regional business. The reimbursement rates were last updated in January 2019 (Report 2019-F-5), and
- b. update the policy to delegate to staff the authority to make the updates to the rates as long as they are aligned with the Federal Department of Finance rates.

2. Background

2.1 The Regional Council approved policy provides for reimbursement when an employee uses a personal vehicle while conducting Regional business.

2.2 Employees who are required to travel regularly as part of their job receive a monthly advance payment based on the range of kilometres expected to be driven during the year, with the payment adjusted at year end based on a reconciliation to actual kilometres driven. Other employees who travel less frequently using a

personal vehicle receive reimbursement upon submission of a claim detailing the distance driven.

- 2.3 To ensure that the reimbursement rates are fair and equitable, it has been Regional practice to keep the vehicle reimbursement rates in line with those approved by the Department of Finance (DOF) Canada for tax purposes.
- 2.4 In late December 2019, the DOF released the automobile reimbursement rates that they consider reasonable. For 2020, the reimbursement rates have been increased by one cent to 59 cents per kilometre for the first 5,000 kilometres driven, and to 53 cents per kilometre for each additional kilometer.

3. Amendment to Vehicle Reimbursement Rates Policy

- 3.1 The attached Vehicle Advance and Casual Travel Reimbursement Rates Policy has been amended to reflect the increase in rates as announced by the DOF. The monthly advances for all categories and the casual travel rates have been amended to use \$0.59 per kilometre for the first 5,000 kilometres and \$0.53 per kilometre for travel beyond 5,000 kilometres.
- 3.2 The standby rate (a taxable benefit) associated with the use of regional vehicles remains at \$0.28 per kilometre. The standby rate applies when an employee on standby takes a regional vehicle home, in order to travel directly to an emergency job site. Use of the vehicle is restricted to travel to and from the work location(s) and the employee's residence.
- 3.3 The revised rates would be effective as of January 1, 2020.
- 3.4 As previously mentioned, it has been Regional practice to keep the vehicle reimbursement rates in line with those approved by the Department of Finance (DOF). As the DOF releases the updated rates late in the calendar year, it is impossible to update the rates prior to the start of the calendar year. Consequently, it is being recommended that staff be authorized to make the annual update to the rates, provided that the DOF rates are used.
- 3.5 The automobile reimbursement rates apply to all employees, appointed individuals and elected officials.
- 3.6 It is therefore recommended that the policy for Vehicle Advance and Casual Travel Reimbursement Rates, for reimbursement for the use of a personal vehicle while on Regional business and included in Attachment #1 to this report, be approved, effective January 1, 2020.

4. Conclusion

- 4.1 The revised rates for reimbursement for the use of a personal vehicle while on Regional business can be accommodated within the proposed 2020 budgets for General Purposes, Water Supply and Sanitary Sewer.

5. Attachments

Attachment #1: Vehicle Advance and Casual Travel Reimbursement Rates Policy

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



Title: Vehicle Advance and Casual Travel Reimbursement Rates Policy	
Issued: February 11, 2020	Page #: 1 of 3
Effective: January 1, 2020	
Approved by: Commissioner of Finance	Section: Financial Services

1. Policy

Employees who use their personal vehicle for Regional business will receive a tax-exempt reimbursement for mileage. The requirement for travel is based on the specific duties of the employee, not on the job classification.

Reimbursement is made by Casual Travel Reimbursement or Monthly Advance. Under both methods, the distance travelled between home and the employee’s regular place(s) of work is always considered personal travel and is not eligible for reimbursement.

If an employee is required to drive directly to a location other than their normal place of work (e.g. a meeting, seminar, conference, etc.) the kilometres submitted for reimbursement will be the lower of the distance from the employee’s home to that location or the distance from the employee’s normal place of work to that location.

To ensure that the reimbursement rates are fair and equitable, the rates for vehicle reimbursement will be kept in line with those approved by the Department of Finance (DOF) Canada for tax purposes.

An employee on standby who is required to be available for call out to emergencies may be provided with a Regional vehicle so the employee can travel directly to the emergency location, with the proper tools required to address the situation. As required by the Canada Revenue Agency, employees who take a Regional vehicle home when on standby will have a taxable benefit assessed for their travel to and from work and home. Personal use of the Regional vehicle, other than travel between home and work at the start and end of regular shifts, is strictly prohibited.

2. Procedures

Casual Travel

- 2.1 Employees who drive on a casual basis shall be reimbursed for occasional travel using a personal vehicle upon submission of a claim detailing the distance driven.
- 2.2 Reimbursements are calculated at \$0.59 per kilometre for the first 5,000 kilometres and \$0.53 per kilometre for each kilometre travelled beyond 5,000.

Monthly Advance System

2.3 Employees who are required to use their automobile regularly to perform their duties for the Region shall receive a monthly advance payment based on the range of kilometres expected to be driven during the year.

2.4 The reimbursement rates for categories are as follows:

Category	Annual Kilometre Range	Monthly Advance \$
1	1,000 - 2,000	49.00
2	2,001 - 3,000	98.00
3	3,001 - 5,000	148.00
4	5,001 - 8,000	246.00
5	8,001 - 12,000	378.00
6	12,001 - 16,000	555.00
7	16,001 - 20,000	732.00
8	20,001 - 24,000	908.00
9	24,001 - 28,000	1,085.00
10	28,001 and over	1,262.00

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

2.6 A year-end reconciliation is required for every employee receiving an advance. The adjustment for additional kilometres travelled or recovery of an overpayment will be completed no later than the end of February of the following calendar year.

2.7 If an employee is removed from the monthly advance system for any reason or if a termination of employment occurs, a reconciliation is required at that time.

2.8 Where no travel records are received, the total amount of the advance will be recovered.

2.9 Advances will be paid on the second pay period of the month.

2.10 Reimbursement for use of a personal vehicle is for the kilometres travelled only while on Regional business. Parking costs and other travel expenses are reimbursed separately.

Standby

2.11 The rate for personal use of a Regional vehicle for travel to/from work and home while on standby is \$0.28 per kilometre.

2.12 No other personal travel using a Regional vehicle is permitted.

3. Roles and Responsibilities

3.1 The Commissioner of Finance, or designate, will review the vehicle reimbursement rates on an annual basis and is authorized to make updates to the rates, provided that the rates authorized by the DOF are used. Approval of Regional Council will be obtained under all other circumstances.

3.2 All Managers will review the job duties of a new employee, or the changed duties of a current employee, and determine the applicable method for travel reimbursement. The supervisor will advise the employee how they will be reimbursed for use of their personal vehicle and advise the Finance Department of the category and start date

(i.e. month) for employees who will receive reimbursement using the monthly advance system. Manager must collect the detailed travel records (must be approved by Supervisor) and submit them to Payroll at year end.

- 3.3 Managers will provide information to the Finance Department regarding employees on standby who are using a Regional vehicle in order for assessment of the appropriate taxable benefit.
- 3.4 All employees, appointed individuals and elected officials will submit an expense claim form on a timely basis for processing and payment (Casual Travel). Employees reimbursed on the Monthly Advance system are required to keep track of kilometres travelled for Regional business purposes during the year and submit their log of travel to their supervisor promptly at year end.
- 3.5 Finance Department staff will process reimbursements based on expense claims (Casual Travel) and will reconcile the advance to actual kilometres travelled and collect overpayments or reimburse for excess travel as appropriate (Monthly Advance).
- 3.6 Finance Department staff will process the taxable benefit for employees who utilize a Regional vehicle for their travel to and from work and home.

4. Application

The automobile reimbursement rates policy apply to all employees, appointed individuals and elected officials.

5. Inquiries

For further information regarding this policy, contact the Finance Department, Financial Services Division.



Memorandum

TO: Finance & Administration Committee
FROM: Cheryl Tennisco, Committee Clerk
DATE: February 5, 2020
RE: Resolution adopted by the Durham Region Transit Executive Committee at their meeting held on February 5, 2020

Corporate Services
Department –
Legislative Services

2020 Durham Region Transit Business Plan and Budget (2020-DRT-05)

Moved by Commissioner Bath-Hadden, Seconded by Commissioner Mulcahy,
That we recommend to the Finance and Administration Committee for
subsequent recommendation to Regional Council:

That the 2020 Business Plan and Budget for Durham Region Transit be
approved.

CARRIED

Cheryl Tennisco

C. Tennisco
Committee Clerk

- c. B. Holmes, General Manager, Durham Region Transit
- N. Taylor, Commissioner of Finance
- N. Pincombe, Director of Business Planning, Budgets & Risk Management
- R. Walton, Director of Legislative Services/Regional Clerk



Memorandum

TO: Finance & Administration Committee
FROM: Nela Prasad, Committee Clerk
DATE: February 6, 2020
RE: Resolution adopted by the Health & Social Services Committee at their meeting held on February 6, 2020

Corporate Services
Department –
Legislative Services

2020 Health Department Business Plans and Budgets (2020-MOH-1)

Moved by Councillor Carter, Seconded by Councillor Wotten,
That we recommend to the Finance and Administration Committee for
subsequent recommendation to Regional Council:

That the 2020 Business Plans and Budgets of the Health Department be
approved.

CARRIED

Nela Prasad

N. Prasad
Committee Clerk

- c. N. Taylor, Commissioner of Finance
N. Pincombe, Director of Business Planning, Budgets & Risk Management
R.J. Kyle, Commissioner and Medical Officer of Health
R. Walton, Director of Legislative Services/Regional Clerk



Memorandum

TO: Finance & Administration Committee
FROM: Nela Prasad, Committee Clerk
DATE: February 6, 2020
RE: Resolution adopted by the Health & Social Services Committee at their meeting held on February 6, 2020

Corporate Services
Department –
Legislative Services

2020 Social Services Department Business Plans and Budgets (2020-SS-1)

Moved by Councillor Anderson, Seconded by Councillor Roy,
That we recommend to the Finance and Administration Committee for
subsequent recommendation to Regional Council:

That the 2020 Business Plans and Budgets of the Social Services Department
be approved.

CARRIED

Nela Prasad

N. Prasad
Committee Clerk

- c. N. Taylor, Commissioner of Finance
- N. Pincombe, Director of Business Planning, Budgets & Risk Management
- S. Danos-Papaconstantinou, Commissioner of Social Services
- R. Walton, Director of Legislative Services/Regional Clerk



Memorandum

TO: Finance & Administration Committee
FROM: Tiffany Fraser, Committee Clerk
DATE: February 6, 2020
RE: Resolution adopted by the Planning & Economic Development Committee at their meeting held on February 4, 2020

Corporate Services
Department –
Legislative Services

2020 Planning and Economic Development Department Business Plans and Budgets (2020-P-1)

Moved by Councillor Kerr, Seconded by Councillor Leel

That we recommend to the Finance and Administration Committee for subsequent recommendation to Regional Council:

That the 2020 Business Plans and Budgets of the Planning and Economic Development Department be approved.

CARRIED LATER IN THE MEETING
(See Following Motion)

Moved by Councillor Lee, Seconded by Councillor Joe Neal,

That the main motion of Councillors Kerr and Lee be amended by adding the following words “and request removal of the Non-Departmental Toronto Global allocation of \$206,000” after the words “be approved”.

DEFEATED ON THE FOLLOWING
RECORDED VOTE:

Yes

Councillor Lee
Councillor Joe Neal

No

Councillor Bath-Hadden
Regional Chair Henry
Councillor Highet
Councillor Kerr
Councillor Yamada
Councillor Ryan, Chair

Members Absent: None

Declarations of Interest: None

The main motion of Councillors Kerr and Lee was then put to a vote and CARRIED ON THE FOLLOWING RECORDED VOTE:

Yes

Councillor Bath-Hadden
Regional Chair Henry
Councillor Highet
Councillor Kerr
Councillor Lee
Councillor Yamada
Councillor Ryan, Chair

No

Councillor Joe Neal

Members Absent: None

Declarations of Interest: None

Tiffany Fraser

T. Fraser
Committee Clerk

- c. B. Bridgeman, Commissioner of Planning and Economic Development
- N. Taylor, Commissioner of Finance
- N. Pincombe, Director of Business Planning, Budgets & Risk Management
- R. Walton, Director of Legislative Services/Regional Clerk



Memorandum

TO: Finance & Administration Committee
FROM: Sarah Penak, Committee Clerk
DATE: February 11, 2020
RE: Resolution adopted by the Works Committee at their meeting held on February 5, 2020

Corporate Services
Department –
Legislative Services

2020 Works Department Business Plans and Budgets (2020-W-15)

Moved by Councillor Marimpietri, Seconded by Councillor Smith,
(21) That we recommend to the Finance and Administration Committee for subsequent recommendation to Regional Council:

That the 2020 Property Tax Supported Business Plans and Budgets for the Works Department's General Tax and Solid Waste Management operations be approved.

CARRIED

Sarah Penak

S. Penak
Committee Clerk

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



Memorandum

TO: Finance & Administration Committee

FROM: Tiffany Fraser, Committee Clerk

DATE: January 23, 2020

RE: Resolution adopted by the 9-1-1 Management Board at their meeting held on January 16, 2020

Corporate Services
Department –
Legislative Services

9-1-1 Management Board 2020 Budget

Moved by M. Simpson, Seconded by J. Wichman,
(2) That we recommend to the Finance & Administration Committee for consideration during budget deliberations:

That the 2020 9-1-1 Management Board Budget include the following items to be financed from the Region's Capital Project Reserve:

- \$285,000 for the purchase of Computer Telephony Integration System Equipment;
- \$240,000 for the purchase of Voice Recorder System;
- \$461,400 for the purchase of Private Branch Exchange for Phone System; and
- \$264,000 for the purchase of Servers/SANS.

CARRIED

Tiffany Fraser

T. Fraser
Committee Clerk

- c. N. Taylor, Commissioner of Finance
N. Pincombe, Director of Business Planning, Budgets & Risk Management
M. Simpson, Director of Financial Planning and Purchasing
J. Galipeau, Inspector, Communications/9-1-1 Unit, Durham Regional Police Service
J. Wichman, Communications/9-1-1 Technical Manager, Durham Regional Police Service
R. Walton, Director of Legislative Services/Regional Clerk



Memorandum

TO: Finance & Administration Committee

FROM: Durham Regional Local Housing Corporation

DATE: January 29, 2020

RE: Resolution adopted by the Durham Regional Local Housing Corporation Board at their meeting held on January 29, 2020

Durham Regional
Local Housing
Corporation

2020 Durham Regional Local Housing Corporation Business Plan and Budget

Moved by Councillor Pickles, Seconded by Councillor Wotten,
That the Board of Directors recommend to the Finance and Administration
Committee for subsequent recommendation to Regional Council:

That the 2020 Business Plans and Budget for the Durham Regional Local
Housing Corporation be approved.

CARRIED

Alan Robins

Al Robins
Secretary, Durham Regional Local Housing Corporation

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



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2020-F-03
Date: February 11, 2020

Subject:

2020 Strategic Property Tax Study

Recommendations:

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

- A) For the 2020 property taxation year, the municipal property tax ratios for the following property classes for the Regional Municipality of Durham be set as follows and the requisite by-law be prepared, and approval be granted,

Multi-Residential	1.8665
New Multi-Residential	1.1000
Landfill	1.1000
Pipelines	1.2294
Farmland	0.2000
Managed Forests	0.2500

Commercial Broad Class

(including Shopping Centres, Office Buildings, Parking Lots and Residual)

Occupied	1.4500
Vacant Land	1.4500
Excess Land	1.4500
On Farm	1.4500

Industrial Broad Class

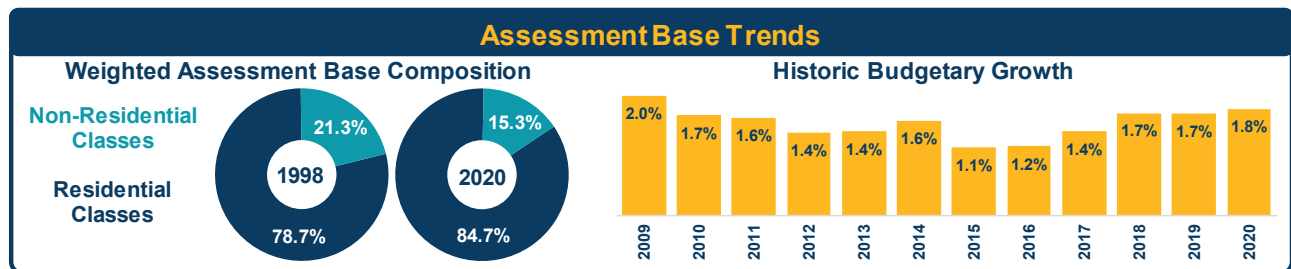
(including Large Industrial and Residual)

Occupied	2.0235
Vacant Land	2.0235
Excess Land	2.0235
On Farm	2.0235

Report:**1. Purpose**

- 1.1 The annual Strategic Property Tax Study accompanies the Business Plans and Budgets and provides an update on various property tax issues related to this significant revenue source. In 2019, budgeted Regional property tax revenue was \$669.1 million or 54.7 per cent of the total \$1.225 billion gross expenditures for Regional property tax supported services.
- 1.2 The 2020 Strategic Property Tax Study provides information and analyses on numerous property tax items, including:
 - Assessment base trends including growth and the declining non-residential share which places upward pressure on the residential property tax rates;
 - Impacts from the 2016 reassessment phase-in for the 2020 taxation year and information on the upcoming 2019 reassessment for the property taxation years 2021 to 2024;
 - Update on the vacancy policy phase-out (third and final year) for commercial and industrial properties;
 - Update on the current value assessment (CVA) at risk in assessment dispute processes;
 - Review of Durham's municipal tax ratios and comparison to comparable municipal jurisdictions;
 - Comparison of average residential home and non-residential property taxes across comparable municipalities;
 - Heritage property tax rebate matching request from a local municipality; and
 - Impact of the Provincial 2020 education property tax rates.

2. The Assessment Base



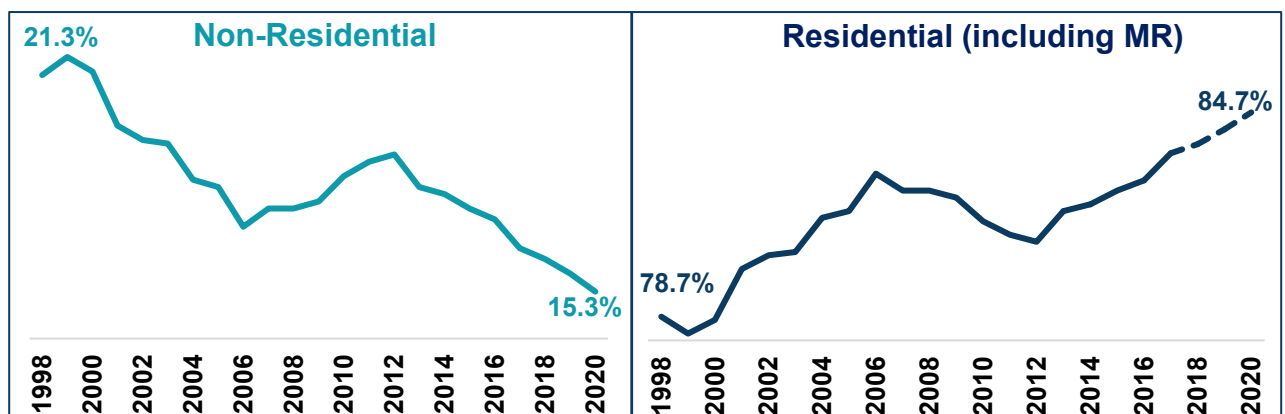
Assessment Growth

- 2.1 Historically, Durham Region’s residential growth has been strong relative to the non-residential growth, contributing to a continual decrease in the proportionate share of non-residential assessments in the assessment base.
- 2.2 For 2020, the estimated total weighted assessment growth is 1.95 per cent.
- 2.3 Continuing Council’s direction contained in Report #2018-COW-19, the 0.17 per cent of the 2020 growth attributed to the Seaton community has been deferred until Regional departments begin incurring annual operating expenditures related to the Seaton development.
 - This will ensure long term financial sustainability by matching taxable assessment growth and the related property tax revenue from the Seaton community with the budgeted Regional operating costs to service this community.
 - This treatment is unique due to the large scale of the Seaton community and the intense and rapid planned development that will have a measured impact on the Regional expenditures in the near term.

Non-Residential Share of Regional Assessment and Taxation Base

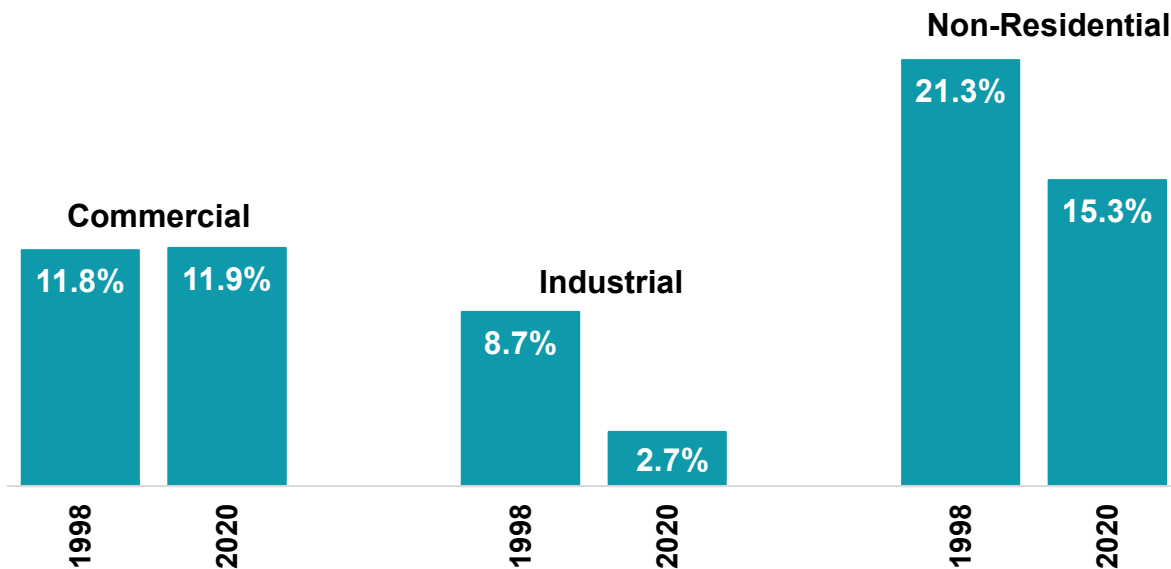
- 2.4 Figure 1 shows the significant decline in the non-residential share of the Region’s property tax base since 1998 and the corresponding increase in the residential share of the tax base.

Figure 1
Share of Regional Property Taxes 1998-2020



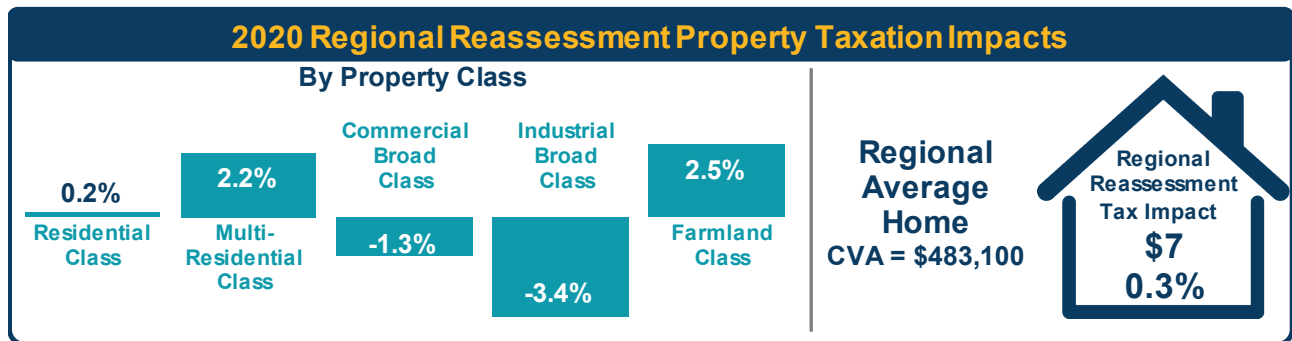
- 2.5 The only exception to the decline in the non-residential share was between 2006-2012 when non-residential properties experienced a higher valuation increase due to reassessment. A significant number of these reassessment increases were partially reversed through Assessment Review Board (ARB) decisions which contributed to the continued decreasing non-residential share from 2012.
- 2.6 The decrease in the non-residential share of the Regional taxation base is primarily the result of declines in the industrial property class share.

Figure 2
Non-Residential Share of Regional Property Taxes 1998-2020



- 2.7 The decrease in the non-residential share places upward pressure on the residential property tax rate and has a direct impact when comparing relative tax load as discussed in section 7.10 to 7.14 of this report.
- 2.8 The changes in Regional taxation shares by property class are the result of:
- differences in assessment growth across the property classes;
 - different valuation changes across the property classes from reassessments;
 - ARB assessment appeal decisions; and
 - changes to municipal tax ratios.

3. 2016 CVA Reassessment for Taxation Years 2017 to 2020



Reassessment Overview

- 3.1 In 2016, MPAC conducted the provincially mandated reassessment cycle to update the assessment valuation date (from January 1, 2012 to January 1, 2016). Per provincial legislation, assessment increases are phased-in uniformly over the subsequent four-year taxation cycle (2017 to 2020), while assessment decreases are fully implemented in the first year (2017).
- 3.2 2020 is the fourth and final year of the four-year phase-in of the 2016 CVA reassessment. MPAC is currently working on the next reassessment with a January 1, 2019 valuation date which will be phased-in over the 2021 to 2024 taxation years.

Reassessment Impacts

- 3.3 Reassessment does not result in a change in the total municipal taxation. Municipalities do not collect any additional revenues as a result of reassessment valuation increases.
- 3.4 Rather, the previous year’s municipal tax rates are discounted by the “*Taxation Average*” to ensure that the overall reassessment is revenue neutral to municipalities.
 - For the taxation year 2020, the Regional Taxation Average is 6.12 per cent and the 2019 Regional property tax rates will be discounted accordingly.
- 3.5 Reassessment does result in shifts amongst individual taxpayers and, as a result, Regional taxation shifts occur across property classes and across municipalities.
- 3.6 A property’s reassessment impact is calculated as follows:

$$\text{Property Reassessment Impact} = \frac{\text{Property's CVA Change} - \text{Taxation Average}}{\text{One} + \text{Taxation Average}}$$

- 3.7 There are different taxation averages for each taxation jurisdiction (region/local municipal and provincial education) as the assessment base for each taxation jurisdiction is different. The reassessment impacts discussed in this report are for the Regional taxation portion of the property tax bill only.

- 3.8 A property with a CVA increase of 6.12 per cent in 2020 will have no Regional reassessment taxation impact, as the 2020 Regional taxation average is also 6.12 per cent.
- 3.9 Figure 3 provides a summary of anticipated Regional taxation shifts that will occur between property classes as a result of the 2020 reassessment phase-in.

Figure 3**Estimated Regional Property Taxation Shifts Across Property Tax Classes**

Property Class	2020 (fourth/final Year of phase-in)		2017-2020 (full reassessment)	
	\$m	%	\$m	%
Residential *	1.06	0.2%	6.95	1.4%
Multi-Residential	0.61	2.2%	2.93	12.2%
Commercial Residual	(0.85)	(1.6%)	(5.08)	(8.9%)
Shopping Centre	(0.14)	(0.6%)	(0.59)	(2.5%)
Office Buildings	(0.07)	(4.2%)	(0.41)	(20.5%)
Parking Lots **	-	1.1%	0.01	5.4%
All Commercial	(1.06)	(1.3%)	(6.07)	(7.3%)
Industrial Residual	(0.37)	(3.2%)	(2.14)	(16.3%)
Large Industrial	(0.26)	(3.8%)	(1.73)	(21.5%)
All Industrial	(0.63)	(3.4%)	(3.87)	(18.3%)
Farmland	0.07	2.5%	0.30	13.1%
Other	(0.05)	(3.1%)	(0.24)	(13.3%)
Total	-	-	-	-

* The residential class contains multiple property types, including ones that are typically not thought of as being residential (e.g. gravel pits and golf course greens). This Study uses the average single-family detached home as the primary residential comparator and its 2020 Regional reassessment impact is estimated at 0.3 per cent, not the 0.2 per cent estimated for the full residential property tax class shown in the above table.

** Due to small size of Parking Lots class, the dollar impact is below the rounding threshold of the table.

- 3.10 Figure 4 provides a summary of estimated Regional taxation shifts between local municipalities that occur as a result of the reassessment.

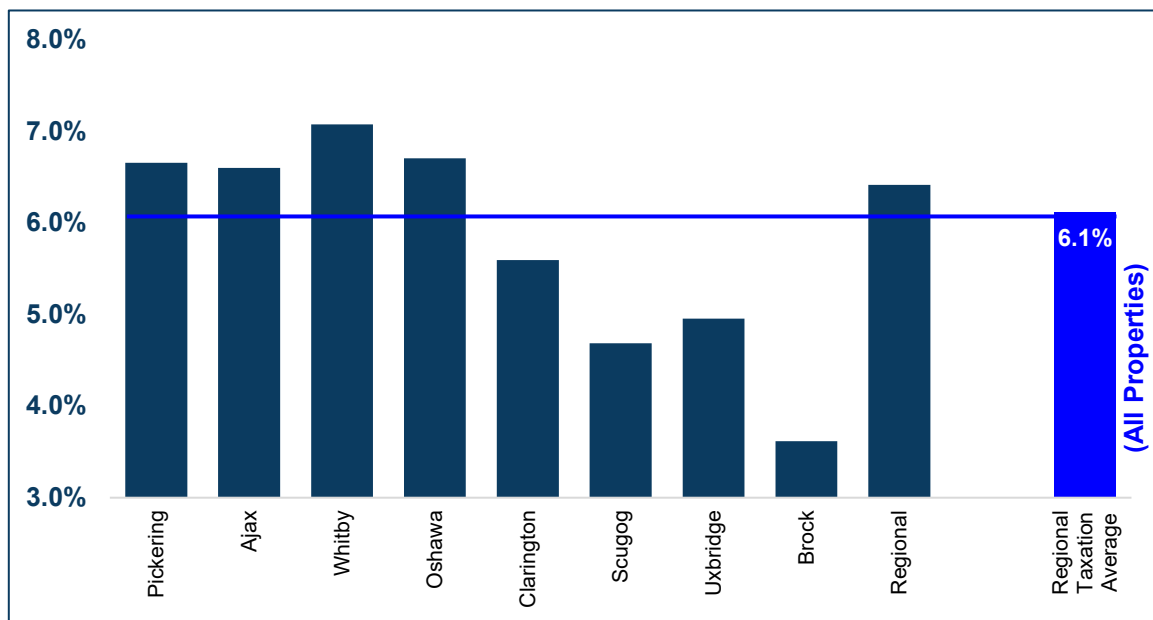
Figure 4**Estimated Regional Property Tax Shifts by Local Municipality**

Local Municipality	2020 (fourth/final year of phase-in)		2017-2020 (full reassessment)	
	\$m	%	\$m	%
Pickering	0.19	0.2%	1.05	1.0%
Ajax	0.30	0.3%	1.66	1.5%
Whitby	0.74	0.5%	3.64	2.7%
Oshawa	0.18	0.1%	0.62	0.5%
Clarington	(0.48)	(0.6%)	(2.13)	(2.5%)
Scugog	(0.35)	(1.4%)	(1.76)	(7.1%)
Uxbridge	(0.36)	(1.3%)	(1.99)	(6.8%)
Brock	(0.22)	(2.0%)	(1.09)	(9.5%)
Total	-	-	-	-

Region-Wide Average Home Impact

- 3.11 The average Region-wide single-family detached home will have a CVA of \$483,100 in 2020 and an estimated 0.3 per cent, or approximately \$7 increase in its Regional property taxes as a result of the reassessment.
- 3.12 The 2016 reassessment showed a more significant degree of variability and larger redistributions than previous reassessments. This was especially true for the single-family detached home which, on average, will experience a 0.3 per cent increase in 2020 Regional taxes due to reassessment. However, this average does not convey the large range of impacts across geographical areas. For example, the average single-family detached home Regional reassessment tax impact ranges from a high of a 0.9 per cent increase in Whitby to a low of a 2.3 per cent decrease in Brock.
- 3.13 The variance in Regional reassessment taxation impact are a direct result of the variance in the average CVA change of the local specific average home as shown in the figure 5.

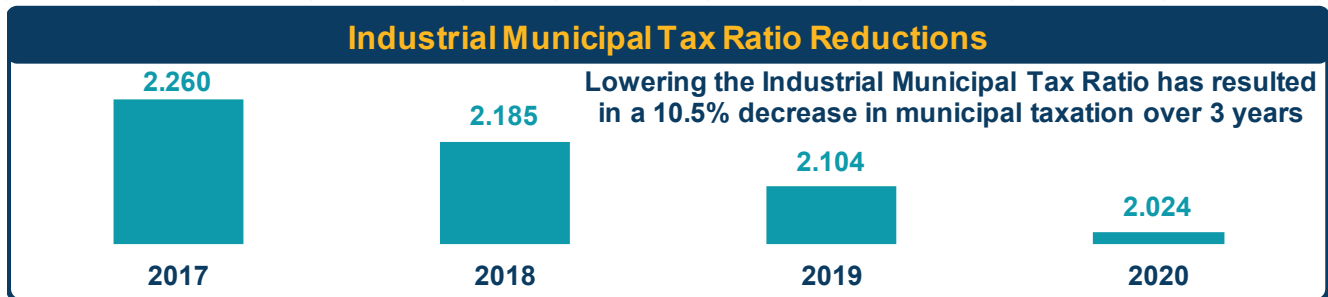
Figure 5
Average Home 2020 CVA Changes due to Reassessment



Upcoming MPAC Reassessment

- 3.14 On April 23, 2019, the Province changed the upcoming reassessment date from January 1, 2020 to January 1, 2019. The accelerated start date will allow MPAC additional time to consult with stakeholders and improve assessment roll accuracy with the hope of reducing future assessment disputes.
- 3.15 It is anticipated the municipalities will be able to analyze and report on the preliminary results of the reassessment that will impact the taxation years 2021 - 2024 in the late summer or early fall of 2020.
- 3.16 The resulting CVA changes from the upcoming reassessment for this reduced three-year period will still be phased-in over four tax years (2021-2024).

4. Completion of Vacancy Discount Phase-Out and Municipal Tax Ratio Reduction for the Occupied Industrial Broad Classes



4.1 After extensive consultation with the public, business community and local municipalities, Regional Council, as part of the 2018 Strategic Property Tax Study, approved the phase-out of the two property taxation vacancy policies that were applicable to both the commercial and industrial broad classes. More specifically:

- Regional Council approved a three-year (2018-2020) phase-out of discounts applied to municipal property taxes on parcels in the vacant and excess land subclasses within the broad Commercial and Industrial property tax classes.
- For the 2020 property taxation year, the discount will be eliminated for both the Commercial and Industrial broad property tax classes and the vacant and excess land subclasses within the broad classes will have the same tax rate as the applicable occupied tax class.
- To improve Durham's industrial competitiveness, Regional Council also directed that any increased municipal property taxation resulting from the phase-out of the vacant and excess land subclass discounts in the Commercial and Industrial broad property tax classes be used to fund a phased-in reduction of the Industrial broad class municipal property taxes through a reduction in the Industrial broad property tax class occupied municipal tax ratio. Over the three-year phase-out program, the industrial broad class occupied municipal tax ratio was reduced by 10.5 per cent assisting in the overall competitiveness of the Regional property tax structure.
- Regional Council also approved a two-year phase-out (2018-2019) of the vacant unit property tax rebate program available to eligible units in the broad Commercial and broad Industrial property tax classes. This program was eliminated in 2019.

4.2 Figure 6 on the following page, provides the estimated impacts of the vacant and excess land subclasses' discount phase-out and reduction in the industrial broad class municipal tax ratio.

Figure 6
2020 Estimated Impact on Total Municipal Property Taxes
Resulting from the Vacant Policy Changes and Industrial Ratio Reduction

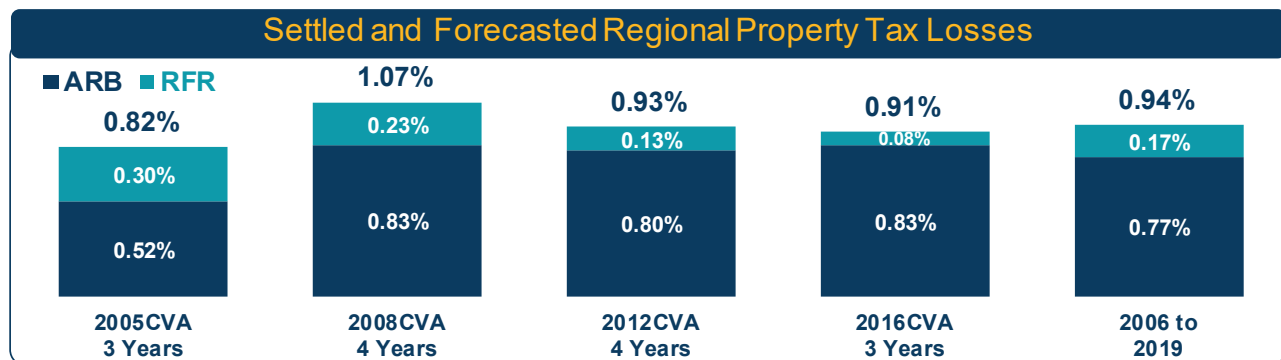
\$ millions

	2020 Estimated Municipal Taxes (after ratio adjustment & with no budgetary increase)	2020 Estimated Change in Municipal Taxes	2020 Estimated % Change in Municipal Taxes
Residential	919.43	0.00	0.0%
Multi-Residential	50.98	0.00	0.0%
<u>Commercial (broad)</u>			
Occupied	131.65	0.00	0.0%
Vacant Land	4.43	0.49	11.1%
Excess Land	1.51	0.17	11.1%
Commercial Subtotal	137.59	0.66	0.5%
<u>Industrial (broad)</u>			
Occupied	26.83	(1.02)	(3.8%)
Vacant Land	3.17	0.28	8.9%
Excess Land	0.87	0.08	8.9%
Industrial Subtotal	30.87	(0.66)	(2.2%)
Other	7.31	0.00	0.0%
Total	1,146.18	0.00	0.0%

- Vacant properties and excess land parcels in the broad commercial classes will experience an 11.1 per cent increase in municipal taxes or \$0.66 million in 2020.
 - Vacant properties and excess land parcels in the broad industrial classes will experience an 8.9 per cent increase in municipal taxes or \$0.36 million in 2020.
 - All properties in the broad occupied industrial property classes will experience a 3.8 per cent decrease in municipal taxes or \$1.02 million in 2020.
 - There is no impact on the occupied commercial, residential, multi-residential or farmland property taxes classes as a result of this policy changes.
- 4.3 Due to the significant uptake in the elimination of the municipal tax rate discounts applied to the vacant and excess land subclasses, the Province recently eliminated the corresponding reduction on the education taxes province-wide (previously the Province simply matched a municipal reduction in the discounts).
- 5. Municipal Property Tax Reduction for “On Farm” Property Class (Farm Value Added Activities)**
- 5.1 In the 2017 Ontario Economic and Fiscal Review (November, 2017), the Province announced a policy change that provided “*municipalities with the flexibility to tax the first \$50,000 of assessment on qualifying value added and commercial activities on farms at a rate that is 75 per cent lower than the commercial or industrial tax rate that would otherwise follow.*”
- 5.2 The provincial regulations (Ont. Regulation 361/18) required to implement this new flexibility were filed on May 3, 2018. The Province implemented the full reduction with respect to provincial education taxation in 2018.

- 5.3 MPAC completed the property inspections and issued the revised assessment notices in the spring of 2019. The 2018 and 2019 Regional property tax strategy reports deferred the decision whether the Region would adopt the municipal discount for these new subclasses until MPAC had identified the eligible properties and an impact analysis could be completed by the Region.
- 5.4 There are a very limited number of On-Farm class properties in the Region of Durham. MPAC returned seven properties on the 2020 assessment roll that had assessment in the On-Farm subclass.
- All these properties had CVA in the Commercial On-Farm subclass, while one property also had CVA in the Industrial On-Farm subclass.
 - The seven properties are located in Clarington (4), Brock (2) and Scugog (1).
 - The total assessment in the combined On-Farm classes is less than \$315,000.
- 5.5 Should the optional municipal discounted tax rate be adopted, the estimated taxation shifts from these seven properties is \$2,400 for the Regional portion of property taxes and a total of \$1,400 for the three lower tier's portions. Relative to the size of the taxation bases, the tax shifts are immaterial and would amount to less than \$0.01 for the average Regional home.
- 5.6 Due to the small number of qualifying properties in Durham Region, the limited incentive nature in this program and the local municipal administrative burden associated with adopting the optional municipal tax rate discount, there is little justification to institute the municipal portion of this program.
- 5.7 It is possible in the future that the Province may change the parameters of this program. However, it is not clear that municipalities will have the opportunity to re-evaluate their participation in an expanded program at that time.
- 5.8 The program parameters put in place by the Province have the potential to create an inequity amongst similar properties. For example, a property valued at \$1,000,100 CVA is not eligible for this reduction, while one valued at \$999,900 may be.
- 5.9 The abrupt application of this threshold or the "cusp" issue make it difficult to justify municipal involvement in this program as the Region of Durham attempts, as much as possible, to treat similar properties in a similar manner.
- 5.10 For these reasons, it is recommended that the Region of Durham not adopt the municipal property tax rate reduction option for the Commercial and Industrial On-Farm subclasses at this time. Regional staff discussed this recommendation with the Area Treasurers in 2019 who raised no objections.

6. Assessment at Risk Update



Based on medium risk scenario.

Assessment Disputes

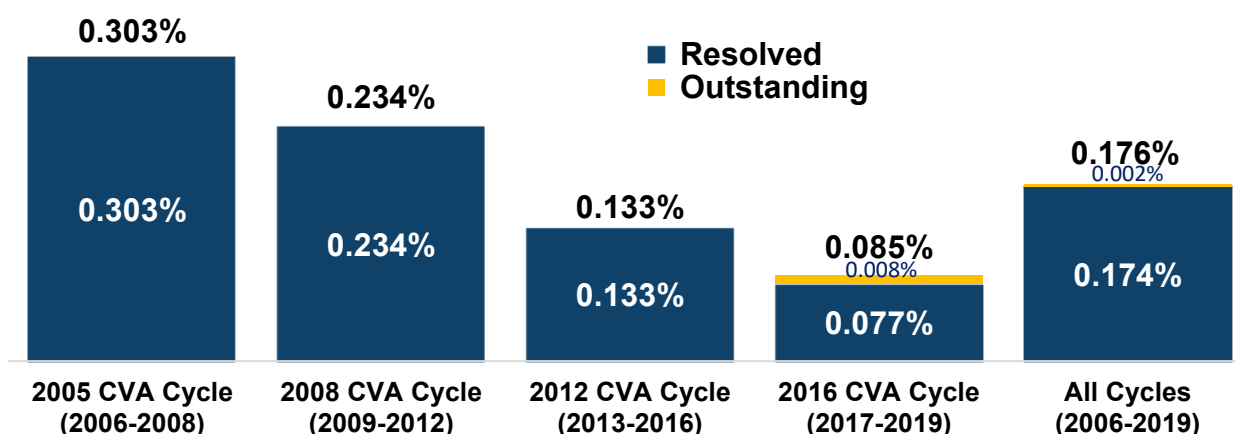
- 6.1 At any given point in time, five to ten per cent of the Region's assessment base can be involved in an assessment or classification dispute. This represents a significant financial risk to the Region and the Area Municipalities.
- 6.2 More specifically, the dispute process and the resulting assessment settlements, which are typically reductions, represent the following three financial risks to the municipal sector:
- Municipalities are required to rebate the difference between the previously billed property tax amount based on the original CVA and the revised billing based on the revised CVA (typically lower). The longer the complaint has been outstanding, the more years of municipal taxes that are required to be rebated.
 - The most material complaints are for non-residential assessment. CVA reductions on these types of properties further erodes the non-residential assessment base, shifting taxes to the residential property tax base.
 - Finally, changes to previous assessment cycles have the potential to put downward pressure on the current assessment cycle values, which may result in reduced assessment growth going forward.
- 6.3 There are two processes by which taxpayers can pursue assessment disputes.
- The first process, which is mandatory for residential properties, is the *Request for Reconsideration* (RfR) process. This is an informal process whereby the property owner requests MPAC review the file and the owner ensures that MPAC has up-to-date and correct property information. Through this review, one of the following two outcomes could occur.
 - MPAC may offer to revise the returned assessment based on more current/accurate information or may confirm the returned assessment as accurate. Should the property owner not agree with the outcome, they have 90 days to file an appeal to the Assessment Review Board (ARB).
 - If a change in the assessment is proposed by MPAC, a Minutes of Settlement Offer would be provided to the owner and, if it is agreed to by the owner, then the assessment is adjusted. The owner has 90 days to accept the Minutes of Settlement or move on to the next part of the dispute process (ARB appeal).

- The second process is an appeal to the ARB, which is an independent adjudicative body within the Ministry of the Attorney General that decides assessment and classification complaints in Ontario. It can take several years for disputes to reach settlement at the ARB, with many of the more complex commercial and industrial-type complaints resulting in processes that stretch far beyond the current four-year assessment phase-in period.
- 6.4 In response to the increased volume of assessment appeals and based on stakeholder feedback, in 2017 and 2019, the ARB initiated processes to modify its Rules of Practice and Procedure with the key objective of more timely appeal resolutions.
- 6.5 Although the number of dispute claims are fairly evenly split between the RfR process (52.1 per cent) and the ARB process (47.9 per cent), the total Assessment at Risk in the ARB process is almost eight times (88.4 per cent) that of the RfR process (11.6 per cent). Further, the estimated Regional taxation losses over the period 2006-2019 in the ARB process (\$53 million) are almost four times the losses in the RfR process based on historical analysis (\$14 million).
- 6.6 The next section briefly summarizes the RfR (primarily residential) historical disputes, and the remainder of this section focuses on the higher risk ARB (primarily non-residential) disputes.

Request for Reconsideration Process (RfR) Summary

- 6.7 Figure 7 provides a summary of the estimated Regional taxation losses for the four CVA cycles over the period 2006 to 2019 including both the losses on resolved RfR disputes and the estimated losses on the outstanding RfR disputes based on a medium risk scenario.

Figure 7
Request for Reconsideration (RfR): Estimated 2006-2019
Regional Property Taxation Losses as a Share of Total Regional Taxation

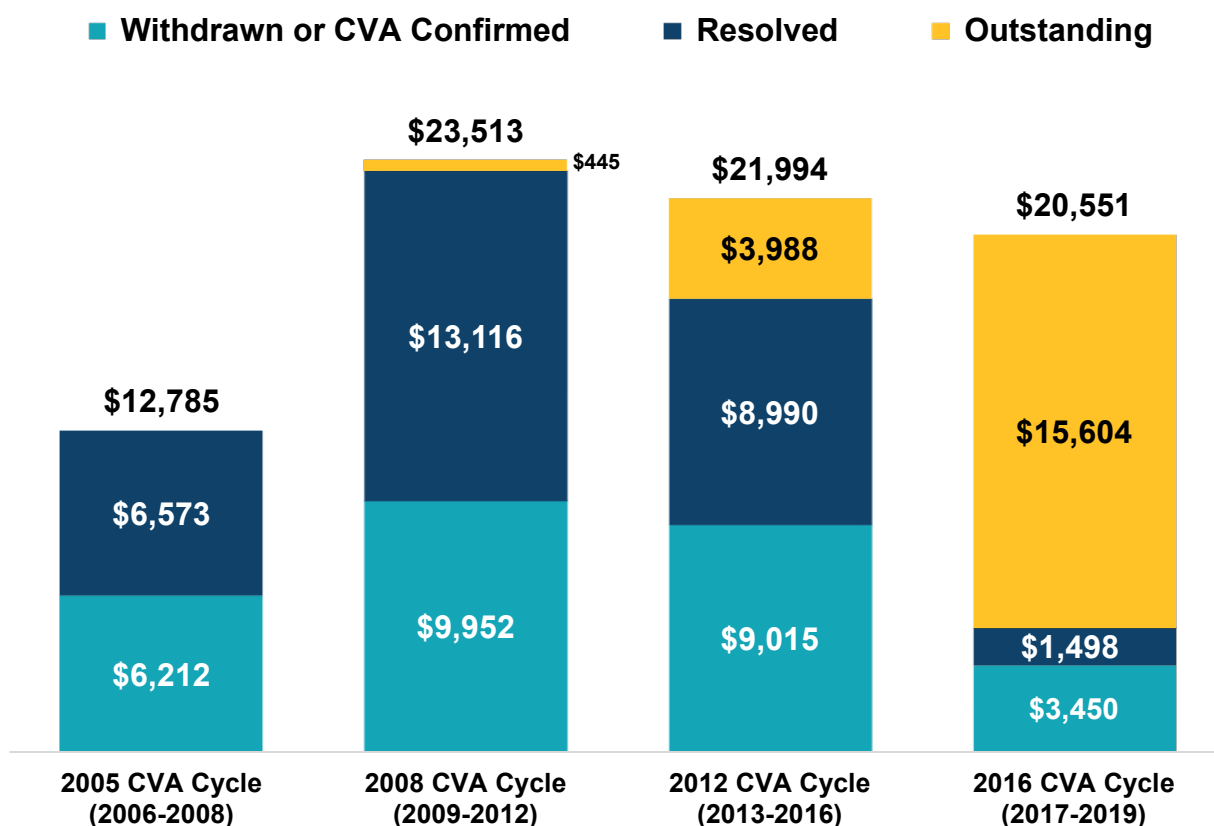


- 6.8 The Regional taxation loss due to the RfR process has continued to decline since the 2005 CVA cycle as shown above. A review by the Ontario Ombudsman in 2006 resulted in significant changes to the MPAC RfR process which is believed to have significantly contributed to this decline.

Assessment Review Board (ARB) Disputes

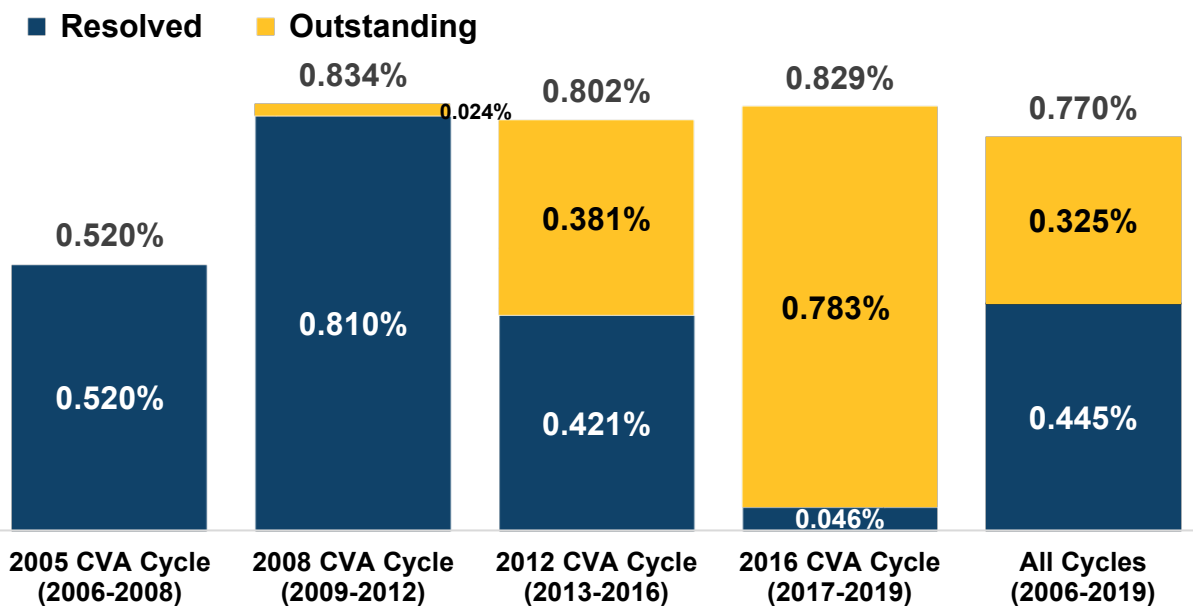
- 6.9 The following analysis covers the last four reassessment cycles (2005, 2008, 2012 and 2016) encompassing taxation years 2006 to 2019.
- 6.10 Figure 8 outlines the assessment at risk for each reassessment cycle. The significant jump in the assessment at risk in the 2008 CVA cycle was the result of the economic downturn, as well as large group appeals by owners who had significant properties across the Province. This was particularly apparent in the large retail sector. The non-residential disputes are also driven by various economic factors including the declining manufacturing sector and the changes in 'brick and mortar' retail sector, driven by on-line shopping.

Figure 8
Assessment at Risk in ARB Disputes 2006-2019 (\$m)



- 6.11 The backlog of ARB disputes has decreased over the previous two years, however there is still a material backlog in the 2012 CVA cycle. The majority of the ARB appeals for the 2016 CVA cycle are currently in the appeal process and limited settlements have been reached thus far.
- 6.12 As illustrated in Figure 9, on the following page, the Regional taxation loss due to the ARB settled disputes over the four CVA cycles is \$34.2 million. It is estimated that the outstanding ARB disputes will result in additional Regional taxation losses of \$24.9 million under the medium risk scenario (high risk scenario estimate is \$29.3 million; while low risk scenario estimate is \$19.9 million).

Figure 9
ARB Appeals: Estimated 2006-2019: Regional Property Taxation Loss
As a Share of Total Regional Taxation Under a Medium Risk Scenario



- 6.13 The estimated Regional taxation losses peaked with the 2008 CVA cycle. It is estimated that the 2016 CVA cycle losses will also be significant due to weakness in the auto manufacturing sector and the continued erosion of the large retail sector, as a result of the shift away from brick and mortar stores to on-line shopping.
- 6.14 The Region has a property tax appeal reserve to mitigate this risk and to fund abnormally high rebates of previous year’s Regional property taxes. The Region has also included an additional provision in its annual budgets since 2016 (the “*Adjustment to Assessment Base*”) to mitigate property taxation shifts from the reassessment that may be reversed in the appeal process specific to large properties.
- 6.15 Region staff, through the review of the assessment at risk, examined the sustainability of the Region’s Property Tax Appeal Reserve including the annual contribution to this reserve. Based on this analysis, staff is recommending, as part of the 2020 Property Tax Supported Business Planning and Budget submission, a \$195,000 reduction in the annual contribution to the Property Tax Appeal Reserve. This reduction results in an annual contribution of \$1.0 million to the reserve in the 2020 Budget.
- 6.16 Although there is much uncertainty with respect to the outstanding ARB disputes, it is anticipated that the above proposed changes to the current Property Tax Appeals Reserve is appropriate and will assist in mitigating the impact of these taxation losses. Regional staff will continue to monitor the assessment appeals.

Regional Role in Assessment Disputes

- 6.17 The Region's 49 per cent share of total property taxation relies on maintenance of the assessment base and any reduction due to appeals has a direct financial impact on Regional taxation revenues. The Region has ongoing dialogue with the local municipalities when feasible.
- 6.18 As discussed in previous years' studies, the Region's legislative disconnect from the assessment complaint and appeals process due to lack of upper tier inclusion in the relevant provincial legislation represents a financial risk. This impacts the Region's ability to accurately forecast potential financial losses and effectively monitor and protect the assessment base.
- 6.19 Regional Council has previously requested that the Province amend the *Assessment Act* to provide upper tier municipalities with the appeals rights that are commensurate with the responsibilities of the upper tier to set property taxation policy, as well as recognizing the upper tier's higher share of property tax revenues. To date, no response has been provided or action taken by the Province on this issue.

General Motors of Canada

- 6.20 In late December 2019, General Motors Canada (GM) produced the last vehicle from its Oshawa manufacturing facility.
- 6.21 GM has begun work on constructing an oval test track for electrical and autonomous vehicles at the site which will support GM's Canadian Technical Centre campuses located in Oshawa and Markham. Other activities may have been informally referenced, but to date have not been confirmed.
- 6.22 The 2020 CVA on the property has not been adjusted by MPAC to reflect the change in use of the property. Further, the property is still subject to appeals for all taxation years subsequent to 2012 (two full assessment cycles).
- 6.23 Finance staff will continue to work in collaboration with Regional Economic Development, City of Oshawa, and MPAC staff on this important file. As more information becomes available, staff will develop more detailed impact analysis and report back to the Finance and Administration Committee, as appropriate.

7. Inter-Municipal Comparisons

Municipal Tax Ratios

- 7.1 The calculation of property taxes is based on a property's CVAs as included in the returned assessment roll provided by MPAC under the authority of the *Assessment Act* and the *Municipal Act, 2001* where:
- MPAC is responsible for the classification and CVA assignment for all individual properties in Ontario; and
 - Municipalities must use MPAC information along with budgetary requirements and municipal taxation ratios to calculate annual property tax rates applicable to individual property tax classifications.

- 7.2 The upper-tier municipality (e.g. Durham Region) in a two-tiered municipal structure is responsible for property taxation policy decisions related primarily to property classes and municipal property tax ratios. Local municipalities are legislatively required to use the upper tier property classes and municipal property tax ratios in the calculation of local municipal property rates.
- 7.3 A municipal tax ratio is the degree to which an individual property class is taxed relative to the Residential class. If the Multi-Residential municipal tax ratio is 1.867, then its municipal property taxation rate will be 1.867 times that residential class tax rate. Since municipal tax ratios show the degree to which the non-residential classes are taxed relative to the residential class, the ratios have a direct impact on the competitiveness of municipal non-residential property taxes.

Figure 10
2019 Municipal Tax Ratio Comparison

	Multi-Residential		Commercial		Industrial		Farmland	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
Durham: (Recommended 2020)	1.8665	4	1.4500	2	2.0235	4	0.2000	2
Toronto	2.3444	9	2.7800	10	2.7632	9	0.2500	5
Peel Region (Mississauga)	1.3461	2	1.5007	4	1.6266	2	0.2500	5
Halton Region	2.0000	7	1.4565	3	2.3599	6	0.2000	2
York Region	1.0000	1	1.2794	1	1.5704	1	0.2500	5
Ottawa *	1.3990	3	1.8576	6	2.4358	7	0.2000	2
Niagara Region	1.9700	6	1.7349	5	2.6300	8	0.2500	5
Waterloo Region	1.9500	5	1.9500	7	1.9500	3	0.2500	5
Hamilton **	2.5671	10	1.9800	8	3.3696	10	0.1767	1
Windsor ***	2.0000	7	2.0187	9	2.3200	5	0.2500	5
Average	1.8443		1.8008		2.3049		0.2277	

Ratios in table have been rounded to three decimal places.

* Ottawa has special classes, the broad class ratios are shown

** Hamilton has a Large Industrial class with a ratio of 3.951

*** Windsor has a Large Industrial class with a ratio of 2.938

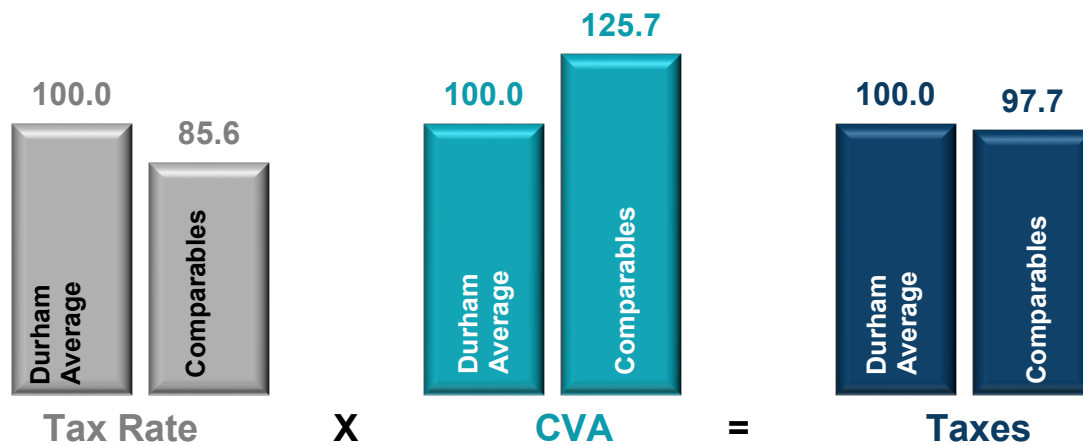
- 7.4 As illustrated in Figure 10, Durham Region has a competitive Multi-Residential ratio of 1.867. Durham's ratio is marginally above the average of the similar municipal comparators. For a local municipality with a large share of multi-residential assessment, any reduction in this ratio would shift significant local municipal taxes to the residential property tax class.
- 7.5 Durham Region has a competitive commercial ratio of 1.4500. Durham's ratio is 20 per cent below the average of the comparators (1.8008) in the above table. Durham has the second lowest ratio and is just slightly lower than Halton's ratio of 1.4565. In several instances, municipalities may be raising the municipal tax ratios to partially offset the inter-class shifting that occurs in a reassessment which is permitted by the Province in special circumstances.

- 7.6 Durham Region's 2020 recommended industrial municipal ratio is 12 per cent below the average of the comparators (2.3049) in the table. Durham is higher than Mississauga, York Region and Waterloo Region. Of note, there are higher ratios for the large industrial class in Hamilton and Windsor which are not considered in this analysis (Durham industrial and large industrial ratios are the same). The phase-out of the vacancy programs resulted in a 10.5 per cent decrease in Durham's Industrial broad class ratio over the past three years.
- 7.7 The Province has mandated a maximum farmland municipal tax ratio of 0.25. However, several Ontario municipalities (Durham included) have lowered their ratio from this provincial maximum as a support to the agricultural industry within Durham.
- 7.8 The remainder of this section provides a summary of the property tax comparisons across comparable municipalities adjusting for the varying market values which then shows the degree to which the market values affect tax rates.
- 7.9 Caution should be used in interpreting the results of any municipal property tax comparison.
- These comparisons do not consider municipal services or service levels and a whole range of other unique municipal characteristics (non-residential assessment levels, urban/rural compositions, geographical density and size, and financial sustainability).
 - As such, these comparisons can be useful in showing the impact the assessment base has on property tax rates and to garner an overall impression of general competitiveness, but the results should not in any way be considered a ranking of municipalities or commentary on municipal efficiency or service delivery.

Residential Home Property Tax Comparison

- 7.10 The following residential home property tax comparison is based on the comparison of 10 "average" homes from across all of Durham's local municipalities. The homes were chosen to reflect, as closely as possible, that municipality's average home in terms of assessment, age, size and building quality. MPAC provided the CVAs for the comparator municipalities on which the following analysis is based.
- 7.11 As shown, tax rates and assessments vary significantly between municipalities. In general, they are inversely related (higher assessments allow for a lower tax rate to generate the same tax dollars).
- 7.12 The residential home comparison found that the comparable municipalities' average residential tax rate was 14.4 per cent lower than Durham's. However, assessment values for the comparators were found to be 25.7 per cent higher. The resultant average property tax (\$) difference between Durham and the comparator's average is very minor, at approximately 2.3 per cent, as illustrated in Figure 11 on the following page.

Figure 11
Residential Home Sample Average: Tax Rate, Assessment and Taxation

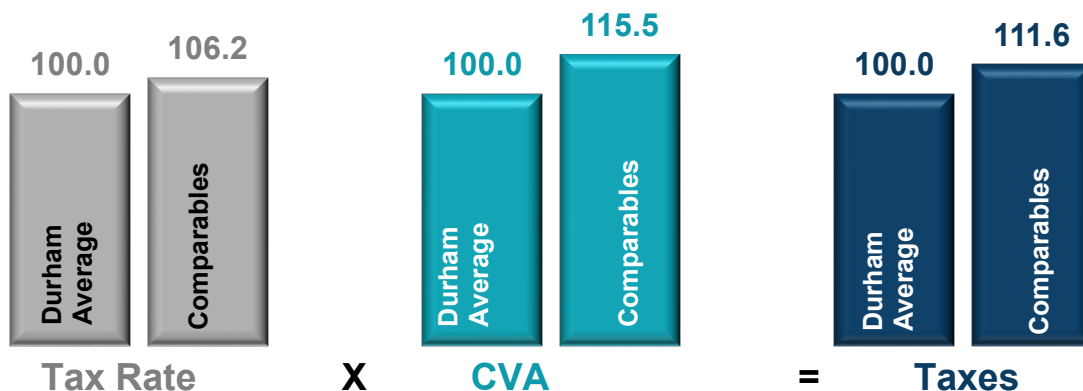


- 7.13 The majority of the large gap in tax rates can be explained by Durham’s much lower market values (assessments). The gap of 14.4 per cent is reduced to 2.3 per cent when Durham’s lower assessments are considered.
- 7.14 As noted in section 2.7, the lower non-residential share in Durham Region puts upwards pressure on the residential to a greater degree than the comparators.

Non-Residential Property Tax Comparisons

- 7.15 It is difficult to provide a valid non-residential property tax comparison. The primary issue is the uniqueness of the individual properties and the lack of robust sales transactions on which MPAC can base the assessments.
- 7.16 This difficulty has increased over the last few years, as a result of significant assessment appeals launched by the non-residential sector across Ontario for the previous two reassessment cycles and the resultant changes (implemented and anticipated in both specific property assessments and MPAC methodology).
- 7.17 However, the 2019 municipal ratio analysis clearly showed that Durham’s commercial ratio is very competitive with comparator jurisdictions. As well, it is believed that municipal taxation is a lessor consideration in a commercial location decision when compared to factors such as customer density and affluence. Further, commercial growth within the Region has kept pace with residential growth over the past two decades.
- 7.18 Similar to the residential comparison, a commercial comparison based on 18 properties was conducted. As shown in Figure 12 on the following page, tax rates and assessment vary significantly between municipalities.

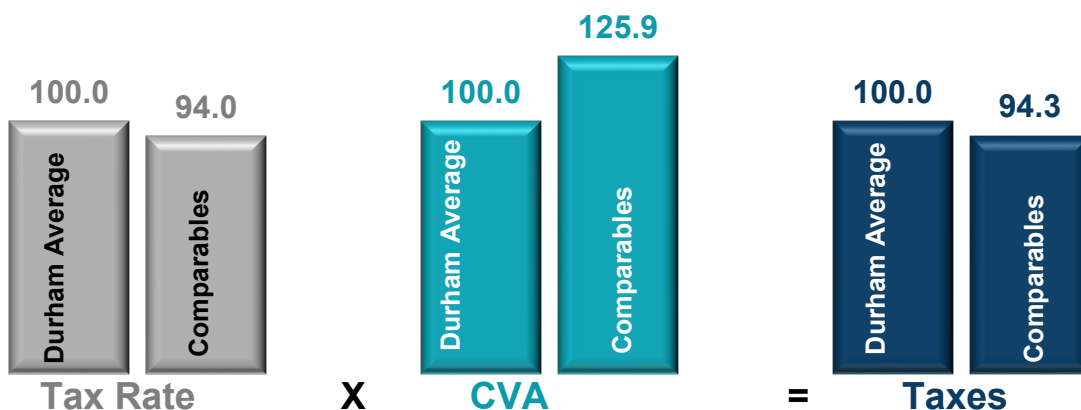
Figure 12
Commercial Sample Average: Tax Rate, Assessment and Taxation



7.19 Although the commercial sample showed a high degree of variability, the average comparator municipal tax rates were 6.2 per cent higher than Durham’s, while the average CVA was also higher by 15.5 per cent. The resultant property tax average of the comparators is approximately 11.6 per cent higher than in Durham Region.

7.20 An industrial comparison based on 12 properties was also conducted. Again, as shown in Figure 13, tax rates and assessment vary significantly between municipalities.

Figure 13
Industrial Sample Average: Tax Rate, Assessment and Taxation



7.21 A high degree of variability exists in the sample, however the averages show that the Durham Region tax rate is 6.0 per cent higher than the comparators’, while the CVA is 25.9 per cent lower. The resultant property tax average on the comparators is approximately 5.7 per cent lower than Durham Region.

7.22 The relative historical weakness of Durham’s industrial property tax competitiveness is the reason for Council’s decision to lower the industrial tax ratio approximately 10.5 per cent between 2018 and 2020 as highlighted in section 4.0.

As noted previously, property taxation does not appear to be the significant driver in an industrial business determination of site selection.

8. Heritage Property Tax Rebates

8.1 On November 29, 2019, the Clerk of the Town of Whitby advised the Regional Clerk that the Council of the Town of Whitby adopted the following resolution (#323-19) on November 25, 2019.

“That the Region of Durham be requested to support heritage preservation by adopting a by-law to provide a Regional property tax rebate for designated heritage properties, including those properties within heritage conservation districts.

8.2 At the December 10, 2019, the correspondence was considered by the Regional Finance and Administration Committee and referred to staff for consideration in the 2020 Property Tax Study.

8.3 During the 14 years since heritage property tax rebate programs have existed in certain lower tier municipalities, Regional Finance staff have regularly consulted the Local Area Treasurers with respect to these programs.

8.4 Historically, Regional Council, in 2006 and 2014, has opted not to adopt a matching heritage property tax rebate program based on the principle that, as much as possible, Regional property taxation policy should treat similar properties across the Region in a similar fashion.

8.5 The legislative authority to grant a heritage rebate comes from Section 365.2 (1) of the *Municipal Act, 2001* which empowers a local municipality to implement a program of property tax reductions for eligible heritage properties.

8.6 The upper tier municipality is restricted under Section 365.2 (7) to matching an existing lower tier program and cannot create a rebate program in a local municipality that does not have an existing program.

8.7 Currently, in the Region, there are three local municipal heritage property tax rebate programs with different parameters within each program. Below are the estimated enrollments of the current local programs.

- Ajax 2 properties
- Whitby 30 properties
- Oshawa 8 properties

8.8 For clarity, if Durham Region were to match the existing three local programs, it would be in a position of providing property tax relief (funded by all Regional taxpayers) to heritage properties in three municipalities while not being able to provide similar relief to similar properties in the other five municipalities. Further, the legislation requires the upper tier to “*authorize a similar reduction*”, so the Regional rebates in each of the three local tiers could also be different (tied to heritage program parameters tailored to meet local objectives and therefore, having unique features as set by the individual local Councils).

8.9 Therefore, in keeping with the Regional objective of treating similar properties in a similar fashion across its jurisdiction, it is recommended that the Region not match any of the local municipal heritage property tax rebate programs at this time. Staff will continue to monitor the evolution of these local programs.

9. Provincial Education Tax Rates

- 9.1 On January 20, 2020, the 2020 education tax rates were enshrined in Ontario Regulation 6/20. Figure 14, on the following page, provides the 2020 provincial education tax rates.

2020 Residential Ontario Education Tax Rates

- 9.2 The residential and multi-residential education property tax rate will be 0.153 per cent in 2020, down from 0.161 per cent in 2019. It is estimated that the Average Region-wide home will experience a 1.1 per cent, or \$8 increase in residential education taxes as a result of the 2020 Ontario education property tax rates.

2020 Commercial Education Tax Rates: Durham Region Rates

- 9.3 The commercial broad class education tax rate (for shopping centres, office buildings, parking lots, on-farm and residual) is set at the provincial target rate of 0.98 per cent in 2020, down from 1.03 in 2019 resulting in an average decrease of approximately 0.7 percent in education taxes for the commercial occupied class.

2020 Industrial Education Tax Rates: Durham Region Rates

- 9.4 For 2020, the Province lowered the education tax rate for the industrial broad class in Durham Region to the provincial 2020 uniform ceiling rate of 1.25 per cent (down from 1.29 per cent in 2019) resulting in an average decrease of approximately 0.9 per cent in education taxes for the industrial occupied class. New construction in the Industrial broad class receives the lower provincial target property tax rate of 0.98 per cent.
- 9.5 It is worth noting, that reduction in Provincial education tax rates also reduces the education revenue retained by the local municipalities on eligible payment-in-lieu (PIL) properties.

Figure 14

2020 Ontario Education Property Tax Rates			
Property Class			Education Tax Rate
Residential			0.00153000
Multi-Residential			0.00153000
COMMERCIAL	Commercial	Occupied, Vacant & Excess Land	0.00980000
	Shopping Centres	Occupied & Excess Land	0.00980000
	Office Buildings	Occupied & Excess Land	0.00980000
	Parking Lots (Commercial)	Occupied & Excess Land	0.00980000
	New Construction	Occupied, Vacant & Excess Land	0.00980000
INDUSTRIAL	Industrial	Occupied, Vacant & Excess Land	0.01250000
	Large Industrial	Occupied & Excess Land	0.01250000
	New Construction	Occupied, Vacant & Excess Land	0.00980000
Pipelines			0.00980000
Farmland			0.00038250
Commercial On-Farm			0.00245000
Industrial On-Farm			0.00245000
Managed Forests			0.00038250
Farmland Awaiting Development Phase 1			0.00114750

10. Looking Forward

10.1 Regional Finance staff will continue monitoring future developments with respect to the following and report back to Regional Council on:

- the January 1, 2019 valuation date and 2019 CVA reassessment to be phased-in over the property tax years 2021 to 2024;
- outstanding and future 2016 CVA assessment appeals and related settlements (for tax years 2017 to 2020) at the ARB;
- impacts of General Motors closure of the majority of its auto manufacturing activities and related facilities in Durham Region and potential reuse of the properties; and

10.2 An information report is forthcoming to Regional Council to elaborate on issues surrounding the changing nature of work in the new economy and its potential impacts on property taxation (primarily non-residential) and municipal revenues.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Resolutions from Advisory Committees

Durham Region Roundtable on Climate Change Committee

1. Letter from the Regional Chair Henry on behalf of the DRRCC to the Members of Parliament Representing Durham Region Ridings

That we recommend to the Finance and Administration Committee for approval and subsequent recommendation to Regional Council:

That Regional Chair Henry send the letter with respect to working together to ensure we can meet our collective goals for climate action, as approved by the DRRCC at their meeting on January 17, 2020 to the Members of Parliament representing Durham Region ridings, on behalf of the DRRCC.