



The Regional Municipality of Durham

Finance and Administration Committee Agenda

Tuesday, May 13, 2025, 9:30 a.m.

Regional Council Chambers

Regional Headquarters Building

605 Rossland Road East, Whitby

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2054.

Note: This meeting will be held in a hybrid meeting format with electronic and in-person participation. Committee meetings may be [viewed via live streaming](#).

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There are no presentations	
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9. Advisory Committee Resolutions

There are no advisory committee resolutions to be considered

10. Confidential Matters

There are no confidential matters to be considered

11. Other Business

12. Date of Next Meeting

Tuesday, June 10, 2025 at 9:30 AM

13. Adjournment

Notice regarding collection, use and disclosure of personal information:

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

information, please contact the Regional Clerk/Director of Legislative Services.

The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, March 18, 2025

A regular meeting of the Finance & Administration Committee was held on Tuesday, March 18, 2025 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Ashe, Chair
Councillor Garrod, Vice-Chair
Councillor Crawford
Councillor Leahy
Councillor McDougall
Councillor Schummer*
Councillor Yamada*
Regional Chair Henry
***denotes Councillors participating electronically**

Also
Present: Councillor Collier*
Councillor Kerr attended for part of the meeting
Councillor Wotten*
***denotes visiting Councillors participating electronically**

Staff
Present: E. Baxter-Trahair, Chief Administrative Officer
A. Burgess, Director, Communications & Engagement
S. Ciani, Committee Clerk, Corporate Services – Legislative Services
L. Fleury, Deputy Clerk, Corporate Services – Legislative Services
A. Harras, Regional Clerk/Director of Legislative Services
A. Hector-Alexander, Director, Diversity, Equity, and Inclusion
W. Holmes, General Manager, DRT
J. Hunt, Regional Solicitor/Director of Legal Services, CAO's Office – Legal
R. Inacio, Systems Support Specialist, Corporate Services – IT
J. Kilgour*, Deputy General Manager, Maintenance, DRT
N. Pincombe, Director, Business Planning & Budgets
N. Taylor, Commissioner of Finance
V. Walker, Committee Clerk, Corporate Services – Legislative Services
***denotes staff participating electronically**

2. Declarations of Pecuniary Interest

There were no declarations of pecuniary interest made.

3. Election of the Finance & Administration Committee Vice-Chair

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

Moved by Regional Chair Henry, Seconded by Councillor Crawford,

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

Moved by Councillor Yamada, Seconded by Councillor Schummer,

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

Moved by Councillor Leahy, Seconded by Councillor McDougall,

- (3) That nominations be closed.

CARRIED

The Chair asked Councillor Garrod and Councillor Leahy if they wished to stand and both indicated that they wished to stand.

A vote was taken and Councillor Garrod was elected as the Vice-Chair for the Finance & Administration Committee.

4. Adoption of Minutes

Moved by Councillor Leahy, Seconded by Councillor Garrod,

- (4) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, December 10, 2024, be adopted.

CARRIED

5. Statutory Public Meetings

There were no statutory public meetings.

6. Presentations

There were no presentations.

7. Delegations

- 7.1 James Bountrogiannis, Durham resident (In-Person Attendance), re: The Exorbitant Costs of "Net Zero" and Durham Region's acquiescence through its declaration of a "Climate Emergency" in 2018
-

J. Bountrogiannis withdrew their delegation request for this meeting.

- 7.2 Vijay Jain, Founder & President, Vishwa Jain Sangathan Canada (Virtual Attendance), re: Request to amend prior motion presented to the Committee of the Whole on February 12, 2025 to ban the Nazi Swastika to remove the word "Swastika" from the motion and replace it with Hakenkreuz, or hooked cross or Nazi symbol of hatred
-

Vijay Jain, Founder & President of Vishwa Jain Sangathan Canada, appeared before the Committee with respect to a request to amend the motion presented to the Committee of the Whole on February 12, 2025 and adopted by Council on February 26, 2025, to Ban the Nazi Swastika in Canada, to remove the word "Swastika" from the motion and replace it with "Hakenkreuz", or "hooked cross" or "Nazi symbol of hate". Highlights of the delegation included:

- Reference to the motions adopted by Regional Council and Whitby Town Council
- Swastika – Extensively used in Jain and Hindu prayers
- Swastika – Is there relationship to Nazi/AntiSemitism?
- Impact of Using Swastika word in Hate Context or Associating Swastika with Nazi

Moved by Councillor Leahy, Seconded by Councillor McDougall,
(5) That Vijay Jain's delegation be extended by an additional two minutes.

CARRIED on a 2/3rds VOTE

- Corrections Made in the West
- Requests

V. Jain asked that the previous motion be amended to remove the word swastika; that a press release be issued about the amended motion; and that a notification be issued to the Durham Regional Police Service requesting they update their earlier communications with reference to "swastika".

In response to questions, staff advised that the request to amend the motion previously adopted by Council would require a motion to reconsider.

Councillor Leahy spoke in support of making the amendment at Regional Council and at the Town of Whitby.

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

- A) That subject to a 2/3rds majority vote, the resolution with respect to Banning the Nazi Swastika in Canada, adopted at the February 26, 2025 Regional Council meeting, be reconsidered; and

- B) That subject to Part A) being approved, the resolution be amended to replace all references to Nazi swastika(s) with the words “Nazi symbols of hate”, and to make any necessary associated grammatical revisions.

CARRIED

Comments were made with respect to conferring with other groups to ensure all relevant information is being captured in the resolution.

Staff were asked to research the content of the resolution and provide any additional relevant information before the March 26th Regional Council meeting.

Moved by Councillor McDougall, Seconded by Councillor Leahy,

- (7) That Vijay Jain be permitted to delegate at the March 26, 2025 Regional Council meeting.

CARRIED

8. Administration

8.1 Correspondence

- A) Correspondence from the City of Pickering. re: Resolution adopted at their Council meeting held on February 24, 2025 with regards to Supporting Hidden Disabilities - Hidden Disabilities Sunflower Program
-

Moved by Councillor Leahy, Seconded by Councillor McDougall,

- (8) That the correspondence from the City of Pickering, regarding Resolution adopted at their Council meeting held on February 24, 2025 with regards to Supporting Hidden Disabilities - Hidden Disabilities Sunflower Program, be received for information.

CARRIED

Comments were made with respect to the importance of recognizing invisible disabilities.

In response to a question, staff advised that they are exploring opportunities to bring this program to the Region.

8.2 Reports

- A) Appointment of New Members to the Durham Region Accessibility Advisory Committee (AAC) (2025-A-1)
-

Report #2025-A-1 from Elaine Baxter-Trahair, Chief Administrative Officer, was received.

Moved by Regional Chair Henry, Seconded by Councillor Crawford,

- (9) That we recommend to Council:

That the following persons be appointed to the Durham Region Accessibility Advisory Committee:

- i) Julia Stevenson – Community member living with a disability;
- ii) Mubina Jaffer- Community member caregiver to a person with a disability; and
- iii) Laura Saumur – Community member living with a disability.

CARRIED

9. Finance

9.1 Correspondence

- A) Correspondence from the Municipality of Clarington, re: Resolution approved at their Council meeting held on January 27, 2025 with regards to Alternative Revenue Source (FSD-002-25)
-

Moved by Councillor Leahy, Seconded by Councillor Garrod,

- (10) That the Correspondence from the Municipality of Clarington, regarding Resolution approved at their Council meeting held on January 27, 2025 with regards to Alternative Revenue Source (FSD-002-25), be referred to the consideration of the 2026 Strategic Property Tax Study.

CARRIED

- B) Correspondence from the Town of Ajax, re: Resolution passed at their Council meeting held on February 18, 2025 with regards to Impacts of the International Student Program Changes to Local Post Secondary Programs
-

Moved by Councillor Crawford, Seconded by Councillor Leahy,

- (11) That the Correspondence from the Town of Ajax, regarding the Resolution passed at their Council meeting held on February 18, 2025 with regards to Impacts of the International Student Program Changes to Local Post Secondary Programs, be received for information.

CARRIED AS AMENDED

(See Following Motion)

Councillor Collier spoke to the recent changes made to the International Student Program and the unintended negative impacts to post-secondary institutions in Ontario.

Moved by Regional Chair Henry, Seconded by Councillor Leahy,

- (12) That the main motion (11) of Councillors Crawford and Leahy be amended to delete the words, “be received for information” and replace them with the words, “be endorsed” and to recommend that Regional Council endorse the correspondence.

CARRIED

9.2 Reports

- A) The Remuneration and Expenses in 2024 of Members of Regional Council and Regional Council Appointees to Local Boards, as Required by Section 284(1) of the Municipal Act, 2001, S.O. 2001, c. 25 (2025-F-1)
-

Report #2025-F-1 from Nancy Taylor, Commissioner of Finance, was received.

Moved by Councillor Leahy, Seconded by Councillor McDougall,
(13) That we recommend to Council:

That Report #2025-F-1 of the Commissioner of Finance, be received for information.

CARRIED

- B) Approval for the Purchase of Nine Leased Buses – Durham Region Transit (2025-F-2)
-

Report #2025-F-2 from Nancy Taylor, Commissioner of Finance and Bill Holmes, General Manager, Durham Region Transit, was received.

Staff responded to questions with respect to the rationale for purchasing rather than extending the lease on the buses; whether the buses are coming from a U.S. or a Canadian based company; is there a way to shift to all Canadian bus contracts; and whether Nova Buses were used for previous bus contracts.

Further questions were asked with respect to whether the buses that have been ordered are already being manufactured and what the cost would be to end the contract; if there would be an impact on service levels; whether Metrolinx is doing anything to ensure Canadian procurement going forward; and whether consideration can be given to exiting existing joint procurement partnerships when they are not putting Canadian companies first.

E. Baxter-Trahair advised that a presentation will be provided at the Committee of the Whole meeting on Wednesday, March 19 on what the Region is doing in response to tariff threats.

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

- A) That an unbudgeted capital project for the purchase of nine diesel buses at a total cost not to exceed \$540,000 be approved with financing to be provided from a reallocation of provincial gas tax funding in the Mini Van Replacement project (H2211) that has been cancelled;

- B) That staff be authorized to award a sole source agreement with Damera Bus Sales Canada Corp. for the purchase of the nine diesel buses that Durham Region Transit (DRT) currently leases; and
- C) That the Commissioner of Finance be authorized to execute the necessary agreements.

CARRIED

C) 2024/2025 Annual Risk Management and Insurance Update (2025-F-3)

Report #2025-F-3 from Nancy Taylor, Commissioner of Finance, was received.

Staff responded to questions with respect to securing cyber insurance; increases in some insurance premiums; if the overall increase is in-line with the industry average; and the amount of the deductible.

Moved by Councillor Leahy, Seconded by Councillor Garrod,
(15) That we recommend to Council:

That Report #2025-F-3 of the Commissioner of Finance, be received for information.

CARRIED

10. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

11. Confidential Matters

There were no confidential matters to be considered.

12. Other Business

There was no other business to be considered.

13. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, April 8, 2025 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

14. Adjournment

Moved by Councillor Crawford, Seconded by Councillor Leahy,
(16) That the meeting be adjourned.

CARRIED

The meeting adjourned at 10:18 AM

Respectfully submitted,

K. Ashe, Chair

L. Fleury, Deputy Clerk



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Chief Administrative Officer
Report: #2025-A-2
Date: May 13, 2025

Subject:

The Regional Municipality of Durham's Accessibility Advisory Committee's 2024 Annual Report and 2025 Workplan

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the CAO's Report # 2025-A-2 be received for information as the Regional Municipality of Durham's Accessibility Advisory Committee's 2024 Annual Report.
 - B) That the Regional Municipality of Durham's Accessibility Advisory Committee's 2025 Workplan be approved.
 - C) That the Regional Municipality of Durham Accessibility Advisory Committee's revised Terms of Reference be approved.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to present the Accessibility Advisory Committee's (AAC) 2024 Annual Report and 2025 Workplan to the Finance and Administration Committee and Regional Council.

2. Background

- 2.1 In June 2005, the Ontario Legislature passed the Accessibility for Ontarians with Disabilities Act, 2005 (AODA). The AODA builds on the previous Ontarians with Disabilities Act, 2001 (ODA) and both acts are still in effect.

2.2 Municipalities are required to have AACs which advise Council by:

- a. Providing advice on the preparation of accessibility reports and plans required under the AODA.
- b. Advising Council on the requirements and implementation of accessibility standards.
- c. Reviewing site plans and drawings for buildings and facilities.

2.3 In addition, as outlined in the Terms of Reference (ToR) the AAC is active in the following areas:

- a. Committee Education
- b. Communication and outreach

2.4 The ToR also requires that the Office of the Chief Administrative Officer prepare an annual report to Committee and Council.

3. Durham Region's Accessibility Advisory Committee

3.1 Legislation stipulates that AACs must ensure most of its members are persons with disabilities. Ten community members plus one Regional Councilor comprise the AAC.

3.2 It is recommended that the ToR also reflect that efforts should be made to ensure representation from youth with disabilities (individuals aged 18 to 29), where possible.

4. Durham Region AAC 2024 Achievements

4.1 Events:

- a. Durham AAC Awards - Each year Accessibility Awards are presented to champions within the region. These awards acknowledge a person, business or organization that has made considerable effort to incorporate accessibility into their operations or everyday life. Nominations are sought from each of the eight area municipalities. In 2024, awards were presented to nine winners from across Durham (Attachment #3).
- b. Flag Raising and Panel discussion in recognition of International Day of Persons with Disabilities for Durham Region Employees – Held in the Council Chambers and moderated by Dr. Meghann Lloyd PhD, Accessibility Advisory Committee (AAC) member. Panel constituted of Wayne Henshaw CNIB and AAC member, Kelly Murphy Region of Durham employee, Ryan Hatton Region of Durham employee and Samantha Tzambazis Professional Artist. This event was well attended by staff and AAC members.
- c. AAC member Dr. Meghann Lloyd represented the AAC in the panel discussion as part of the North Durham Building Business Forum held on October 18, 2024.

4.2 Education: Presentations to AAC throughout 2024

- a. Canadian National Institute for the Blind (CNIB): Get on Board Report: Results from Accessible Transit Campaign Fall 2023 - Neisha Mitchell, Program, Advocacy & Accessible Community Engagement Lead
- b. Developing Durham Region's 2025 Strategic Plan - Andrea Smith, Manager Strategic Planning
- c. Durham Transit Update – Bill Holmes, General Manager Durham Region Transit
- d. Project Search Internship, Project Search Interns
- e. Lakeshore East Go Train Extension to Bowmanville- Heather Finlay, Manager Transit Oriented Development
- f. Durham Region Equity Audit: Summary Report - Patricia Hines, Manager of DEI
- g. Region of Durham Diversity, Equity and Inclusion (DEI) Strategy. - Anu Sharma, Policy Advisor, DEI

4.3 Other Achievements:

- a. AAC Member Dr. Meghann Lloyd presented to staff on Neurodiversity
- b. Collaborated on a new nomination process for award winners following industry best practices for the Durham Annual AAC Awards.
- c. Education Committee –planned a forum in October in recognition of National Disability Employment Awareness month to bring together employers and businesses to listen, collaborate and learn from those who have hired individuals with disabilities.
- d. Site plan Committee - developed a plan to recognize Durham businesses who have accessibility features.
- e. Continued involvement in Transit Advisory Committee (TAC) by having two AAC members attend TAC meetings and provide valuable feedback and insights to improve the accessibility.
- f. Recommendations that AAC committee should include a youth voice.
- g. Motion to council on Accessibility considerations in design of Stations for the Lakeshore East Go Train Extension to Bowmanville.

5. 2025 Workplan for the Durham Region AAC

5.1 An AAC Workplan (Attachment #1) is developed annually to outline the scope and activities of the AAC. It includes necessary activities for meeting requirements of both the ODA and AODA. The workplan includes:

- a. Providing advice and reviewing annually, the Accessibility Report created by the staff liaison in the CAO's office.
- b. Reviewing site plans for new builds and extensive renovations to existing buildings that the Region owns and/or operates to ensure accessibility has been incorporated in the design.

- c. Forming of subcommittees in the areas of site plan review, traffic/road improvements, accessibility awards, equitable employment, education and communication and ad hoc committees as required throughout the year.
- d. Education development continues throughout the year, as required, for AAC members, Councillors, and staff. Education sessions take place when changes to the AODA standards occur, by agencies who serve the disability community and by staff who present initiatives from departments where feedback from this committee is required.
- e. Communicating work the AAC does annually to Regional Council and staff through AAC minutes of meetings, the staff e-newsletter, newspaper articles, social media messaging when appropriate, and meetings with other AACs within the Region.
- f. Presentation of Durham AAC Accessibility Awards annually to recognize individuals, services and/or businesses that have championed, achieved and/or embraced accessibility in each of our local area municipalities.

6. Relationship to Strategic Plan

a. Connected and Vibrant Communities

- C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
- C2. Enable a full range of housing options, including housing that is affordable and close to transit.
- C3. Improve public transit system connectivity, reliability, and competitiveness.
- C4. Improve road safety, including the expansion and connection of active transportation networks to enhance the range of safe mobility options.
- C5. Improve digital connectivity and multi-channel access to information, resources, and service navigation.
- C6. Continue to revitalize and transform downtowns into hubs of economic, social, and cultural connection.
- C7. Create accessible, lively, and culturally welcoming public spaces, including opportunities to access nature.

b. Strong Relationships

- S1. Enhance inclusive opportunities for community engagement and meaningful collaboration.
- S2. Build and strengthen respectful relationships with First Nations, Inuit, Métis, and urban Indigenous communities.
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
- S4. Advocate to the federal and provincial government and agencies to advance regional priorities.

- S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.

6.2 This report aligns with/addresses the following Foundation(s) in Durham Region's 2025-2035 Strategic Plan:

- a. People: Making the Region of Durham a great place to work, attracting, and retaining talent.
- b. Processes: Continuously improving processes to ensure we are responsive to community needs.
- c. Technology: Keeping pace with technological change to ensure efficient and effective service delivery.

7. Conclusion

7.1 The AAC will continue to meet legislative obligations of both the ODA and AODA. Activities and consultation with staff will be important elements of their work. Their expertise, experience and dedication are of great value to the accessibility work undertaken at the Region of Durham. Advice given to Regional Council and staff will continue to be an integral piece to the Region's identification, removal, and prevention of barriers to accessibility

7.2 For additional information, contact: Natalie Dash. Accessibility Coordinator, at 905-668-7711, extension 2009.

8. Attachments:

Attachment #1: Accessibility Advisory Committee Workplan

Attachment #2: Accessibility Advisory Committee Revised Terms of Reference

Attachment #3: Durham AAC Award Winners 2024

Prepared by: Natalie Dash. Accessibility Coordinator at 905-668-7711, extension 2009.

Respectfully submitted,

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

Durham Region Accessibility Advisory Committee Workplan 2025

Priority Areas	Proposed Activities	Comments	Timelines
Facilities and site plan review	<p>Reviewing site plans for new builds and extensive renovations to existing buildings that the Region owns and/or operates to ensure accessibility has been incorporated in the design.</p> <p>Provide resources for businesses to improve accessibility.</p>	<p>Referenced Guide to serving on a municipal accessibility Advisory committee.</p> <p>The committee's role and responsibilities Guide to serving on a municipal accessibility advisory committee ontario.ca</p>	Year round
Outreach and Communications	<p>Presentation of Durham AAC Accessibility Awards annually to recognize individuals, services and/or businesses that have championed, achieved and/or embraced accessibility in each of our local area municipalities.</p>	Referenced Durham Regional AAC Workplan 2025	September 2025
Advice and Feedback	<p>Provide feedback on how to best to implement the province's accessibility standards as it applies to the Region of Durham.</p> <p>Support and provide feedback for local municipalities' accessibility compliance reports.</p> <p>Provide feedback and recommendations on accessible design criteria in terms of any Region project proposals/strategy.</p> <p>Initiatives, projects, or reviews related to accessibility such as LEAD or Equity Audit.</p>	<p>Referenced Municipal Accessibility Advisory Committees: Learn how municipalities must work with their accessibility advisory committees to identify and break down barriers for people with disabilities in their communities</p> <p>Municipal Accessibility Advisory Committees ontario.ca</p>	Year round

Priority Areas	Proposed Activities	Comments	Timelines
Education and development Subcommittee	Education development continues throughout the year, as required, for AAC members, residents and staff. Education sessions take place when changes to the AODA standards occur, by agencies who serve the disability community and by staff who present initiatives from departments where feedback from this committee is required.	Referenced Municipal Accessibility Advisory Committees: Learn how municipalities must work with their accessibility advisory committees to identify and break down barriers for people with disabilities in their communities Municipal Accessibility Advisory Committees ontario.ca	Year round
Subcommittees	Forming of subcommittees in the areas of site plan review, traffic/road improvements, accessibility awards, equitable employment, education, communication, and ad hoc committees as required throughout the year. For example, when new AODA compliance directives are issued, a subcommittee of AAC will be formed to advise on The Region's response to those new measures.	Referenced Guide to serving on a municipal Accessibility Advisory Committee. The committee's role and responsibilities Guide to serving on a municipal accessibility advisory committee ontario.ca	Ongoing
Accessibility Report	Providing input and review of the annual Accessibility Report created by the staff liaison in the DEI Division.	Referenced Durham Regional AAC Workplan 2025	Annually

Priority Areas	Proposed Activities	Comments	Timelines
Advocacy	<p>Advocate for changes to policies, procedures and systems that will increase accessibility and inclusion in the Region of Durham.</p> <p>Collaborative efforts between the regional AAC and local municipal AAC's regarding scope of areas that we advise/consult.</p>	<p>Ensure alignment with AODA, Accessible Canada Act, and Durham Region Multi-year Accessibility Plan</p>	As needed



Durham Region Accessibility Advisory Committee

Terms of Reference

November 2023

1. Purpose

- 1.1 To provide advice to Regional Council on the preparation, implementation and review of its annual accessibility plan and other accessibility related issues within the Region to reduce and prevent barriers to inclusion and promote full participation for all Durham Region residents and visitors.

2. Mandate

- 2.1 The Durham Region Accessibility Advisory Committee (AAC) is a volunteer Advisory Committee established by Regional Council in accordance with the Ontarians with Disabilities Act, 2001 (ODA 2001) and these Terms of Reference.
- 2.2 The Terms of Reference provide for the AAC to advise and assist the Region in the development of an annual accessibility plan(s), Multi-Year Accessibility Plan and for the AAC to be proactive and advise on matters identified on its own initiative, provided it satisfies the requirements under the ODA 2001.
- 2.3 Issues, barriers and concerns faced by people with disabilities may be referred to the AAC from Regional Council. The AAC will report to Regional Council through the Finance and Administration Committee, under the purview of the Chief Administrative Officer, on substantive matters as determined by the requirements of the ODA 2001, and the *Accessibility for Ontarians with Disabilities Act, 2005*.

3. Scope of activities

- 3.1 The scope of the AAC will include the following activities:
 - a) participating in the annual development of the Region's Accessibility Plan(s) which is intended to improve the quality of life for all Regional Residents, including people with disabilities;
 - b) advising the Region on the implementation and effectiveness of its annual Accessibility Plan(s) to ensure that it addresses the identification, removal and prevention of physical and non-physical barriers to people with disabilities in the Regional by-laws, and all its policies, programs, practices and services;

- c) selecting and reviewing in a timely manner the site plans and drawings for new development, described in section 41 of The Planning Act;
- d) Reviewing and monitoring websites, forms, documents and any relevant content produced for public consumption;
- e) reviewing and monitoring existing and proposed procurement policies of the Region for the purpose of providing advice with respect to the accessibility for people with disabilities to the goods or services being procured; and
- f) reviewing access for people with disabilities to buildings, structures and premises (or parts thereof) that the Region purchases, constructs, significantly renovates, leases or funds.
- g) The AAC will also have sub-committees/working groups responsible for specific business areas or projects decided by the committee, such as education and transit.

4. Composition

- 4.1 The AAC will comprise up to eleven voting members in total. The majority of members shall be people with a disability as defined by the ODA 2001. Voluntary disclosure of a person's social identity, including disability, gender, family status and ethnicity or race is included in the application form. An eleven-person committee may typically be comprised as follows:
- a) At least six members shall be persons with disabilities. These Committee members shall represent diverse identities and different types of visible and invisible disabilities noted in the ODA 2001;
 - b) Five members shall be persons who may not have a disability. These members shall be comprised of:
 - one member of Regional Council,
 - Two resident members of which one member shall be a family member of a disabled person, and
 - two members who are professionals from the stakeholder community.
 - c) Efforts should be made to ensure representation from youth with disabilities (individuals aged 18 to 29), where possible.
- 4.2 Membership shall be a 4-year term corresponding with the term of Regional Council. However, Region of Durham residents are appointed by Regional Council. If a member chooses to resign, the Region will seek a replacement in accordance with Section 5.
- 4.3 At the discretion of the AAC, non-attendance at three consecutive meetings

will be sufficient grounds for replacement. Appointments may be revoked at any time at the discretion of Council.

- 4.4 The AAC shall strive to maintain a high level of relevant technical expertise and competence in disability issues within its membership.
- 4.5 The AAC may establish subcommittees and ad hoc working groups as deemed necessary to address specific issues; noting that secretariat services will not be provided to these teams/groups. These subcommittees/working groups shall draw upon members from the AAC as well as staff support/outside resources as deemed necessary. The Chair of a subcommittee/working group shall be a voting member of the AAC.

The purpose of a subcommittee/working group shall be to make recommendations on a particular issue to the AAC or to assist with the implementation of an assigned project.

5. Membership selection

- 5.1 Durham Region will place an advertisement utilizing a broad range of media including local and community specific media, social media, local municipalities, Regional information kiosks, facilities and community agencies that represent people with disabilities. The advertisement will seek individuals with diverse identities interested in volunteering for appointment to the AAC.
- 5.2 The CAO's office shall contact appropriate agencies and community organizations and invite individuals to volunteer for the AAC. Interested individuals will be required to submit an application form to the Regional Clerk and provide a brief resume outlining their interest and qualifications.
- 5.3 The CAO's office will review the applications received. Qualified applicants will be interviewed by a panel of Regional staff in the CAO's office and will recommend individuals for appointment to the AAC. Members shall be chosen for their special expertise, experience, dedication and commitment to the mandate of the Committee. Preference will be given to people who have lived experience and knowledge of accessibility matters, including accessibility legislation and disability awareness.
- 5.4 All members of the AAC shall be appointed by the Finance and Administration Committee and Regional Council.
- 5.5 Regional Council shall appoint a representative to the AAC from the members of the Finance and Administration Committee.
- 5.6 In the case of a vacancy, the approach described in Section 5 will generally be followed.

- 5.7 Any resignations will be submitted to the Accessibility Coordinator and/or the Committee Clerk.

6. Officers

- 6.1 A chair and a vice-chair will be elected annually by the membership of the AAC. The Committee Clerk will chair the inaugural AAC meeting for the voting process.

7. Support services

- 7.1 The Region's CAO's Office liaison or the Accessibility Coordinator shall serve as staff liaison to the AAC. The staff liaison will provide administrative, procedural and technical support to the AAC and will utilize the staff support group noted in Section 7.2 as deemed necessary.
- 7.2 If required, a staff group of accessibility champions/ambassadors/allies will provide support to the AAC on an as needed basis.
- 7.3 The staff liaison or Accessibility Coordinator will co-ordinate all requests for advice from the AAC, through meeting agendas. AAC responses to such requests shall be coordinated by the staff liaison or Accessibility Coordinator through the Finance and Administration Committee to Regional Council.
- 7.4 The Region will provide secretarial and other support services. Regional Council will provide a budget to cover the operational expenses of the AAC and this budget will be administered by the CAO's office.
- 7.5 The staff liaison or Accessibility Coordinator may circulate content to members through alternative means (email or on MS Teams) in order to obtain informal feedback for that particular item, especially those items that are time-sensitive in nature.

8. Meetings

- 8.1 The AAC will meet six times per year (January, March, May, June, September and November) in a hybrid or virtual meeting format using a designated Regional meeting room. The AAC will establish a meeting schedule at its inaugural meeting, taking into account the business needs and the schedule of Regional Committees/Council. Special meetings may be held at the call of the Chair. Accessibility Advisory Meetings shall be scheduled on the fourth Tuesday of the month from 1:00 to 3:00pm. This schedule may be reviewed as needed.

- 8.2 Quorum for AAC meetings shall be a majority of the sitting AAC members. The committee shall wait 15 minutes from the scheduled start time for quorum at which point the meeting will be adjourned and/or rescheduled if quorum is not met.
- 8.3 All meetings will be open to the public. As a formal Advisory Committee to the Region, the AAC is subject to the Regional Procedural By-law, unless otherwise specified in the Terms of Reference.
- 8.4 An agenda package, including accessible meeting materials and previous meeting minutes will be shared with the committee members one week in advance of the meeting date.
- 8.5 The Committee may participate in meetings with the Accessibility Advisory Committees (AACs) of surrounding area municipalities at a frequency mutually established by all committees. The purpose of such meetings shall be to share best practices and enhance cross-border collaboration.
- 8.6 Members shall be responsible for reviewing all materials sent by the CAO's Office or Committee Chair and respond in a timely manner to ensure the business of the Committee is not delayed. All communication should always be provided in an accessible format.
- 8.7 Community and organizational members of the AAC will be compensated for their time and work. Each member will be paid \$75.00 per meeting (attendance is a requirement for this compensation) and an hourly rate of \$25.00 for travel time and work outside of the scheduled meetings that has been pre-approved by Durham's Director, Diversity, Equity and Inclusion. Reimbursement will occur twice a year, in May and in November, up to a maximum of \$600 per member per year.

9. Delegations at committee meetings

- 9.1 Any person(s) wishing to appear before the AAC as a delegate must submit a request to the staff liaison in the CAO's office/Accessibility Coordinator and/or the Legislative Services Division/Committee Clerk, advising of the topic or item to which they wish to speak. All requests for delegations must be received at least two weeks prior to the meeting to ensure that the delegation is included in the agenda. Any person wishing to address the AAC as a delegate, who has not previously arranged to do so, may be granted permission to do so only by Committee resolution.

9.2 Only one spokesperson at a time per group/organization shall be permitted to speak on a matter. Individuals shall be limited to speak for no more than 10 minutes. A five-minute extension to speak may be decided, without debate, by a majority of committee members present.

9.3 Members shall be permitted to ask questions of delegate(s) but shall not make statements to enter into debate with the delegate(s).

10. Minutes and agenda

10.1 The minutes of each AAC meeting will be amended as necessary and approved at the following meeting. The unapproved minutes will be circulated to members of Council as part of the Council Information Package prepared by the Regional Clerk.

10.2 The AAC agendas will be prepared by the staff liaison/Accessibility Coordinator and/or the Legislative Services Division/Committee Clerk, with input from the AAC chair or vice-chair, and AAC members. Agendas will be distributed the week prior to upcoming meetings.

10.3 Staff liaisons and/or those staff and committee members with a forecasted agenda item shall submit agenda content to the staff liaison/Accessibility Coordinator and/or the Legislative Services Division/Committee Clerk by no later than noon, two weeks prior to the scheduled meeting date.

11. Committee resolutions

11.1 The AAC will seek to achieve consensus on decisions. Recommendations are 'carried' if supported by a majority unless otherwise specified in these Terms of Reference or Regional Council Rules of Procedure. Only resolutions as they appear in the adopted Minutes may be considered as officially representing the position of the AAC. The committee shall not reconsider a previous decision, unless directed to so by Council.

12. Annual reports and workplan

12.1 An annual workplan with an estimate of the resources necessary and any suggested revisions to the Terms of Reference for the coming year shall also be prepared by the AAC for consideration and approval by the Finance and Administration Committee and Regional Council. To avoid duplication, the AAC shall ensure that the workplan is coordinated with other disability initiatives in the Region.

- 12.2 An annual review of the AAC by the Chief Administrative Officer, on behalf of Regional Council, will be completed to evaluate the effectiveness of the Committee and to ensure continued improvements.

13. Rules of Order

- 13.1 Members are encouraged to ask questions engage in discussion and share feedback following presentations and delegations. The Committee Chair shall maintain order and decorum during the meeting and decide the order of questions.
- 13.2 Members shall indicate to the Chair their desire to speak and wait to be acknowledged by the Chair before speaking.
- 13.3 A conflict of interest may arise for Committee members when their personal business interests conflict with the duties and decisions of the Committee. Municipal conflict of interest requirements as defined by the Municipal Conflict of Interest Act will apply to the Committee.
- 13.4 Members who have declared an interest on any matter may not move, participate in the discussion, or vote on the matter or attempt to influence others on the matter.
- 13.5 Any member asked to speak publicly to an organization or professional association as a member of the Durham Region Accessibility Advisory Committee must notify the CAO's Office liaison or Accessibility Coordinator prior to accepting the request.
- 13.6 Any member who is approached by the media will refer all inquiries to the Region's CAO's Office liaison or Accessibility Coordinator who will defer to the Communications and Engagement department.
- 13.7 Members shall not approach the media on behalf of the Committee. If they are expressing personal views these must be clearly stated as such and that they do not represent the views of the Committee. As active members of the AAC, personal views expressed publicly cannot be contradictory to the mission and mandate of the AAC.
- 13.8 Any member will not use their personal email, social media accounts or other modes of communication to represent the opinions or policies of the Region.

Durham AAC Award Winners 2024

Megan Thorpe Ross – nominated by the City of Pickering Accessibility Advisory Committee Megan Thorpe Ross has been a respected member of Pickering's Accessibility Advisory Committee (PAAC) since 2018. She advocates for accessibility needs and concerns of Pickering residents to the City Council.

James Titmarsh - nominated by the Town of Ajax Accessibility Advisory Committee James Titmarsh is an exceptional leader with a passion for accessible sports, particularly sledge hockey. He organized the 2024 National Para Hockey Championships and introduced sitting volleyball at Durham College.

Canadian Tire Bowmanville (David Urso, Owner) - nominated by Municipality of Clarington Accessibility Advisory Committee Canadian Tire Bowmanville is known for its exceptional service for people with disabilities, ensuring they can access everyday needs with dignity and respect.

Maggie McCreath - nominated by the Township of Uxbridge Accessibility Advisory Committee Maggie McCreath is a lifetime volunteer and passionate member of the Accessibility Advisory Committee for over 15 years. She established "Operation Warm Hearts" to provide winter clothing to those in need.

Kathryn Bremner - nominated by the City of Oshawa Accessibility Advisory Committee Kathryn Bremner is recognized for developing programs that increase access to recreational activities, funding initiatives for children with disabilities, and advocating for accessibility improvements in Oshawa.

The Thrift Hub - nominated by the Township of Brock Accessibility Advisory Committee The Thrift Hub has made its building fully wheelchair accessible by replacing steps and stairs with ramps and ensuring wide aisles for independent shopping.

Bonnie Blackstock - nominated by the Township of Scugog Accessibility Advisory Committee Bonnie Blackstock, Manager of Community Support Services with Community Living Durham North, has over 20 years of experience supporting individuals with developmental disabilities and identifying barriers to accessibility.

Abilities Centre Lead Program - nominated by the Town of Whitby Accessibility Advisory Committee The LEAD program at Abilities Centre challenges organizational systems to create transformational change for full participation of people with disabilities. It helps organizations enhance accessibility and inclusion.

Taryn Eickmeier - nominated by the Region of Durham Accessibility Advisory Committee Dr. Taryn Eickmeier, Executive Lead at Grandview Kids, ensures family-centered rehabilitation services for children and youth with disabilities. She drives change by partnering with families and community agencies to co-design and deliver services.



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Chief Administrative Officer
Report: #2025-A-3
Date: May 13, 2025

Subject:

Accelerating Decarbonization of Corporate Facilities through Canada Infrastructure Bank Building Retrofit Initiative – Approval to Negotiate an Agreement with SOFIAC

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That a partnership framework with the Société de financement et d'accompagnement en performance énergétique (SOFIAC) governing the financing, procurement, engineering design and construction of an energy efficiency and GHG reduction project in the Region's long-term care home portfolio, as outlined in this report and in the SOFIAC Term Sheet (Confidential Attachment #2), be endorsed, and the Chief Administrative Officer be directed to sign the Term Sheet on behalf of the Region.
- B) That the Chief Administrative Officer be authorized to negotiate a Service Agreement for Energy Performance Optimization ("Service Agreement") with SOFIAC pending successful completion of the detailed feasibility study for the financing and management of design, construction, and measurement and verification related services, subject to the agreement aligning with the principles of the SOFIAC Term Sheet and being to the satisfaction of the Regional Treasurer and Regional Solicitor, (Confidential Attachment #2).
- C) That the Chief Administrative Officer and Treasurer be directed to report back to Council to seek approval for the execution of the Service Agreement, and the associated financing strategy, by Q4 2025.

Report:**1. Purpose**

- 1.1 This report outlines a proposed strategy to leverage external financing and project delivery expertise to implement an energy performance and greenhouse gas (GHG) reduction project within the Region's portfolio of four long-term care homes.
- 1.2 The report also seeks Council approval to undertake the detailed feasibility study (DFS) and pending project viability determined through the DFS, negotiate a service agreement with SOFIAC which is a Canadian financing entity. SOFIAC is supported by the Canada Infrastructure Bank (CIB), a federal Crown corporation that is focused on accelerating investment in energy efficiency and decarbonization in Canada's building sector.

2. Context/Background

- 2.1 In 2021 Regional Council approved a [Corporate Climate Action Plan](#) which is focused on positioning the Region as a leader in the community wide transition to an energy-efficient and low carbon future. As part of the plan Regional Council endorsed a set of corporate GHG reduction targets as follows:
 - a. 2025: 20 per cent below 2019 levels
 - b. 2030: 40 per cent below 2019 levels
 - c. 2045: 100 per cent below 2019 levels
- 2.2 Advancing progress towards these targets in a post-pandemic economic context has been challenging due to a range of external issues including:
 - a. lingering supply chain constraints,
 - b. increased costs for materials,
 - c. concerns about upfront investment costs and uncertain payback periods.
- 2.3 Added to these external economic challenges facing the Region are internal issues including that the traditional design-bid-build project delivery model used by the Region poses significant challenges for advancing large-scale corporate decarbonization projects due to longer project delivery timelines, limited flexibility in design, increased costs from change orders, and potential constructability issues (e.g. hidden problems not identified during design which can lead to significant delays and cost overruns during construction). This is coupled with the potential for limited internal project management capacity given focus on new facility and infrastructure design and construction to meet the needs of a growing population.

- 2.4 Given these multi-faceted challenges, there is a need for the Region to consider alternative project delivery methods that enable innovative solutions and collaborative efforts with the private sector.
- 2.5 Regional buildings are a key area of focus for corporate decarbonization as they represent almost 25 per cent of total corporate energy-related GHG emissions. Within the existing Regional buildings portfolio, [the four long-term care homes](#) are the largest contributors to corporate facility GHG emissions, representing 35 per cent of the total. These buildings also have significant annual utility costs (e.g. for electricity, natural gas and stationary fuels) which in 2024 were almost \$2.7 million across the four sites. There is minimal change in forecasted GHG emissions to 2030 based on current capital plans for these buildings.
- 2.6 Given the age of buildings and major building systems and components, there is a strategic opportunity to align corporate asset management objectives, operational efficiency and climate leadership to achieve multiple benefits through a deep retrofit project in the Region's long-term care portfolio.
- 2.7 The Region is in the final stages of completing GHG Pathways Studies for each of the four long-term care homes. The purpose of these studies is to catalogue existing energy consuming systems, analyze energy usage and provide recommendations on how to significantly reduce GHG emissions while improving the energy and water efficiency of each facility. These studies have identified a significant approximate capital cost of more than \$60 million (ranging from \$4.5M to \$31M per building), to significantly decarbonize these four facilities. By bundling projects into a comprehensive deep energy retrofit project at a building or portfolio-scale, and collaborating with external service providers, there may be opportunities to deliver decarbonization projects at lower cost and with greater alignment to other corporate objectives such as reducing operating costs.

3. Exploring Solutions – Canada Infrastructure Bank Building Retrofit Initiative

- 3.1 The Canada Infrastructure Bank (CIB) Building Retrofit Initiative (BRI) provides a framework to help overcome these internal and external issues and accelerate the pace of implementation of corporate facility decarbonization projects. Through the BRI, CIB is looking to work with building owners and other market participants to improve existing building energy and GHG performance. The initiative helps finance the capital costs of retrofits, where the savings from energy and operational cost efficiencies savings can then be used for project repayment. For broader public sector building owners looking to implement projects worth \$50 million or less, the CIB recommends that participants work with a CIB-affiliated building retrofit aggregator. Building retrofit aggregators are independent of the CIB and act to coordinate actors involved in implementing building retrofits. CIB currently has eight aggregator partners on their CIB-BRI partner contact list, which is available [here](#).
- 3.2 To understand how the Region could potentially leverage CIB-BRI funding, the Region issued a non-binding Request for Information (RFI 1073-2024) in Q3 2024.

The Region received 12 responses to the RFI, of which 5 were from organizations that are CIB BRI aggregator partners. Regional staff collaborated to identify a set of key objectives, reflecting the internal and external issues identified above, that would be used to analyze the responses, namely:

- a. Minimize the Region's upfront capital investment by accessing external capital through the CIB-BRI initiative;
 - b. Minimize the Region's lifecycle technology and financial risk, and ensure positive cash flow over project lifecycle through performance guarantees and risk sharing;
 - c. Gain corporate experience in alternative "turnkey" project delivery models that mitigate workload pressures on the Works Department's DCAM Division – while also considering workload impacts and benefits to other functional areas (e.g. Legal, Procurement, Facilities Maintenance and Operations);
 - d. Maintain control and ownership over major building components and systems; and
 - e. Maintain flexibility and choice over technology options and vendors.
- 3.3 Tables 1 and 2 in Attachment #1 provide a high-level summary of the four main project delivery models that were generally represented in responses to the RFI. Following consideration of the advantages and disadvantages of each model to best support the business needs of the Region and operational requirements of the long-term care homes, Regional staff signed a non-binding letter of interest with SOFIAC, the first and largest (in terms of available capital) CIB building retrofit aggregator, and one of the only aggregators that is vendor agnostic and maintains a competitive selection process for technical service providers. By signing a letter of interest, the Region provided SOFIAC representatives with access to its long-term care homes for site visits, as well as historical energy consumption data, to enable them to develop a Term Sheet (see Confidential Attachment #2) for a formal partnership to undertake deep energy retrofits.

4. SOFIAC Partnership Framework for Building Retrofit Project Delivery

What is SOFIAC?

- 4.1 SOFIAC is a collaborative effort between Econoler, a global energy advisory firm, and Fondation, a labour-supported investment fund. SOFIAC was launched in 2020, with the support of the Government of Quebec and the Canada Infrastructure Bank (CIB), to facilitate and accelerate the implementation of energy efficiency and carbon reduction projects in Quebec businesses. In 2022 SOFIAC announced the national expansion of its service with additional funding from Desjardins and the CIB. SOFIAC has more than \$300 million in financing capacity to support building energy efficiency projects.
- 4.2 In addition to being a CIB-BRI program retrofit aggregator, SOFIAC is also an [NRCan-funded deep retrofit accelerator](#) which provides access to federal grant funding to support upfront feasibility assessment work. SOFIAC has successfully financed projects leveraging CIB capital with public and private sector

organizations across a wide range of building types, and has established the [EcoEnergie 360](#) initiative in collaboration with the Fédération québécoise des municipalités (FQM), which helps demonstrate a proven track record and relevance in understanding the unique challenges and requirements of municipal projects.

How does SOFIAC's model work?

- 4.3 SOFIAC invests in projects that lower energy use and GHG emissions in a self-funded manner (i.e. where energy cost savings resulting from the project pay for the upfront capital investment). For example, if a building has annual energy costs of \$2 million, and through a \$4 million SOFIAC investment annual energy costs are reduced to \$1.4 million, the \$600,000 in annual energy cost savings are available to be shared between SOFIAC and the building owner.
- 4.4 Energy consumption reductions resulting from SOFIAC's investment are calculated based on the difference between actual energy consumption and an estimate of what energy consumption would have been in the absence of the capital improvements undertaken with SOFIAC investment, as verified by an independent third party. Cost savings are based on pre-determined energy price assumptions, including inflation factors, over the full term of the project agreement.
- 4.5 SOFIAC typically looks to retain 85% of calculated energy cost savings, with the building owner retaining 15% until SOFIAC's initial investment is reached or the end of the agreed upon term is reached (e.g. 15 years). SOFIAC's share of energy cost savings is used to cover its project costs (e.g. intermediation costs for their role in facilitating the project and third-party measurement and verification costs) as well as provide a return on investment to its investors.
- 4.6 SOFIAC takes responsibility for procuring and managing the work of a technical delivery partner responsible for design and construction of the energy efficiency and carbon reduction project. SOFIAC has pre-qualified more than a dozen reputable technical service providers and uses a competitive process whereby proposals are sought from its pre-qualified list. The technical provider guarantees energy consumption savings that are to be realized through the project, which are measured and verified by an independent third party using the International Performance Measurement and Verification Protocol standard.
- 4.7 If the project underperforms for reasons outside of the Region's control and as a result SOFIAC's initial investment is not re-paid within the agreed upon term, the client is not liable for the balance owed. If the project over-performs in terms of energy cost savings, SOFIAC and the building owner share over-performance cost savings 50/50 which creates an incentive for all parties to reach and exceed identified project goals.
- 4.8 The Region, as building owner, assumes full ownership of the equipment installed following commissioning and is responsible for ongoing operations and

maintenance of the equipment in accordance with manufacturer specifications. If there are no realized savings, or the savings are lower than projected for reasons outside of the building owner's control, the responsibility is still to only transfer 85% of measured and verified savings. SOFIAC is then obligated to rectify the underperformance or risk its return on investment. This approach largely mitigates the cost of performance risk for the building owner.

4.9 Benefits of SOFIAC's approach include:

- a. No upfront capital required by the Region – SOFIAC is responsible for providing the upfront capital investment for the energy efficiency project, although the Region may wish to provide additional capital to address state-of-good-repair upgrades as part of a bundled project to achieve efficiencies of scale.
- b. Competitive procurement process for technical service provider – SOFIAC has a pre-qualified list of 13 technical service providers. Upon execution of a Term Sheet, the Region and SOFIAC would then collaborate to procure a technical service provider from this list through a competitive process.
- c. Risk-sharing – the technical partner chosen for the project provides a full guarantee of the cost savings that are anticipated to be realized, based on agreed upon assumptions regarding base utility rates, rate escalation, and other factors. If the energy efficiency project underperforms for reasons outside of the Region's control, SOFIAC and the technical service provider will be responsible for rectifying the underperformance, where the Region is kept safe as payment is only proportional to the actual energy consumption savings.
- d. Open-book project accounting during the design development phase – a cost-plus pricing model will be used to deliver the services, with open-book accounting, flow through of costs of equipment and services, and pre-determined mark-ups for return on investment, contingency and service fees. The project value is fixed upon completion of the design phase, subsequent changes in tariffs or price of materials remains the risk of SOFIAC with no risk of subsequent de-scoping of design for the Region.
- e. Full asset transfer – the Region has full ownership of the assets once the project has been constructed and commissioned, and gains lifecycle cost benefits from equipment renewal (i.e. reduced maintenance costs with newer equipment, and reduced risk of unforeseen equipment failure).
- f. Integrated design and construction process limits workload required for Works Department's DCAM Division.

- 4.10 While the SOFIAC delivery model results in significant risk-sharing benefits, the Region would retain risks relating to operations and maintenance of the energy conservation measures (ECMs) implemented. The Region is responsible for operating and maintaining equipment as per manufacturer specifications and warranties. If the Region does not operate and maintain equipment according to specifications, resulting in under-performance in terms of energy cost savings, the Region may have to forgo a portion of its shared savings. There are allowances

within the overall project budget for training Region staff and contractors on how to operate and maintain the installed equipment.

- 4.11 The Region also retains risks and benefits associated with energy prices deviating from the pre-determined assumptions described in section 4.4. If energy prices escalate at rates higher than pre-determined assumptions, the Region benefits from increased operating cash flow, whereas if energy costs escalate at a rate lower than projected the Region could face SOFIAC debt repayment obligations without sufficient actual energy savings to fully offset these payments. It is thus important that the Region negotiate conservative energy cost inflation assumptions as part of the project development process.

5. Energy Efficiency and Greenhouse Gas Reduction Project Delivery – Framework for Agreement

- 5.1 Durham Region has received a Term Sheet for energy retrofit financing and project delivery services from SOFIAC focused on the Region's four long-term care homes (see Confidential Attachment #2). It indicates a minimum 25% reduction in energy consumption and 25% reduction in GHG emissions for all targeted buildings. Based on a preliminary assessment SOFIAC has estimated the upfront investment at a minimum of \$5.1 million, which would be repaid over a 15-year agreement based on a share of guaranteed energy cost savings realized by the project. This estimate will be refined as part of the detailed feasibility study and scoping of the project both in terms of the number of facilities and the specific energy efficiency measures. Assuming a 25% reduction in energy use is achieved, Durham's share of estimated energy cost savings over the course of a 15-year agreement would be \$1.9 million. These figures are all preliminary minimum amounts that are subject to agreement on a set of assumptions on baseline energy consumption at the four sites, as well as utility cost escalation forecasts over the project implementation period.
- 5.2 The energy efficiency and GHG reduction project will involve a comprehensive assessment of existing equipment in the four buildings, and the design and construction of a range of energy conservation measures that could include:
- a. Lighting upgrades
 - b. Domestic hot water and space heating equipment
 - c. Solar photovoltaic (PV) generation
 - d. Ventilation and humidification equipment
 - e. Pumps and motors
 - f. Kitchen and laundry appliance upgrades
 - g. Controls
 - h. Building envelope measures (windows, doors, cladding etc.)

6. Next Steps

- 6.1 Regional staff are seeking Council approval and direction to execute the SOFIAC Term Sheet and proceed with next steps to further this project, namely to:

- a. Collaborate with SOFIAC to implement a competitive procurement process to identify a technical service provider; and,
 - b. Work with SOFIAC and the identified technical partner to complete Detailed Feasibility Studies across the Region's four long-term care homes to confirm the scope of a project to maximize energy consumption savings and GHG reductions that can be funded through resulting energy cost savings (i.e. a self-funded project).
- 6.2 Upon successful completion of the next steps outlined above, the Region will be equipped to make informed decisions regarding the scope of the desired project and negotiate the terms of a formal project agreement, which would be subject to Council endorsement. For instance, the Region may wish to concentrate on specific facilities within the long-term care portfolio (subject to SOFIAC's minimum investment threshold of \$3 million), rather than implementing a project comprising all four buildings.
- 6.3 Regional staff expect to report back to Council with a recommended project scope, updated financial impacts, and a agreement by late 2025 for consideration in the Region's 2026 Business Planning and Budget process. Should Council endorse the staff recommendation following negotiation of a formal project agreement, it is expected that the project would be fully implemented within 12 months.

7. Financial Implications

- 7.1 The intent of this financing strategy is to define and execute an energy efficiency and GHG reduction project that is fully self-funded by the energy cost savings that are realized through the implementation of energy conservation measures, with no upfront capital from the Region. Preliminary investigations by SOFIAC have identified an estimated project value of \$5.1 million, which SOFIAC would invest in, to be re-paid through a share of energy cost savings. The Region's estimated positive cash flow is \$1.9 million over a 15-year agreement term (excluding gains in avoided capital replacements, maintenance and emergency repairs).
- 7.2 If the Region proceeds with a detailed feasibility study, and the results of that study do not align with the energy, GHG and cost savings estimates in the Term Sheet, the Region can terminate the partnership without financial implications. However, if the Region decides during the selection of a technical partner and the completion of a detailed feasibility study to discontinue participation in the project for reasons other than the project not meeting targeted savings, under the Term Sheet, SOFIAC will be financially compensated by the Region for its costs incurred during the project development process. In both scenarios, the Region will obtain ownership and copyright of any developed technical design solutions. Below are the maximum expected costs should the Region decide to exit the project at various stages of project development, assuming the full scope of four long-term care homes:
 - a. Once a technical partner has been procured, and costs of a detailed feasibility study are known - \$30,000

- b. Stage 1 of Detailed Feasibility Study: technical partner has completed site walk through, catalogued existing site conditions, and establishes a recommended list of ECMs - \$200,000
 - c. Stage 2 of Detailed Feasibility Study: Cost of recommended ECMs is updated to Class B, Measurement and Verification plan is identified per ECM - \$150,000
 - d. Stage 3 of Detailed Feasibility Study: Known design of ECMs is complete, fixed pricing to Class A, with full detailed analysis of energy cost savings and GHG reductions as well as operations and maintenance requirements - \$100,000
- 7.3 The approved 2025 Business Plans and Budgets includes an allocation of \$0.3 million from the Capital Impact Stabilization Reserve Fund for potential legal costs, peer review fees and consulting costs to advance this project.
- 7.4 As discussed in section 4.4 above, under the SOFIAC model “utility cost savings” is defined as the difference between (A) the Region’s actual energy consumption (electricity and natural gas) multiplied by pre-determined price assumptions, and (B) estimates of what the Region’s energy consumptions would have been in absence of the capital improvement measures undertaken, multiplied by the same pre-determined price assumptions.
- 7.5 Risks and benefits related to energy pricing assumptions are retained by the Region under the SOFIAC framework. If energy prices escalate at rates lower than assumed, it is feasible under certain price scenarios that the Region could face SOFIAC payment obligations without sufficient actual energy cost savings to offset these in entirety. By the same token, if energy prices escalate at rates higher than assumed, the Region benefits from increased operating cash flow. It is thus important that the Region negotiate conservative energy cost inflation assumptions as part of the project development process.

8. Relationship to Strategic Plan

- 8.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region’s 2025-2035 Strategic Plan:
- a. Connected and Vibrant Communities
 - C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
 - b. Environmental Sustainability and Climate Action
 - E1. Reduce corporate greenhouse gas emissions to meet established targets.
 - c. Healthy People, Caring Communities

- H5. Provide services for seniors and work with community partners to support aging in place.
- d. Strong Relationships
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
 - S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.
- 8.2 This report aligns with/addresses the following Foundation(s) in Durham Region's 2025-2035 Strategic Plan:
- a. Processes: Continuously improving processes to ensure we are responsive to community needs.
 - b. Technology: Keeping pace with technological change to ensure efficient and effective service delivery.

9. Conclusion

- 9.1 This report presents a proposed strategy for overcoming barriers to implementation of energy efficiency and GHG reduction projects in the Region's Corporate facilities. Focused on the Region's long-term care portfolio, the report presents a potential estimated \$5.1 million investment from SOFIAC leveraging low-cost capital from the Canada Infrastructure Bank and private sector financing. The project is expected to be fully self-funded by SOFIAC using energy consumption savings that are realized through the implementation of a comprehensive suite of energy conservation measures, and result in a minimum 30 per cent reduction in annual GHG emissions.
- 9.2 Regional staff are seeking approval to undertake next steps to develop this project, including signing a Term Sheet with SOFIAC, collaborating with them in the procurement of a technical service provider, and completing a detailed feasibility study to confirm the details of a potential guaranteed energy consumption savings project.
- 9.3 Following completion of a detailed feasibility study which validates the viability of a deep energy retrofit opportunity, and negotiation of a project agreement to the satisfaction of the Regional Treasurer and Regional Solicitor, staff would return to Council for approval to proceed with executing a project agreement with SOFIAC to implement the project.
- 9.4 Staff in the CAO's Office, Finance, Works, and Social Services departments have reviewed the content of this report and will collaborate in implementing the recommendations of the report.

10. Attachments

Attachment #1: Summary of CIB Energy Efficiency Financing Vehicles and High-Level Multi-Criteria Analysis

Attachment #2: CONFIDENTIAL - SOFIAC Term Sheet for the implementation of an Energy Performance and GHG Reduction Project at Durham Long-Term Care Home Facilities
Under separate cover

Respectfully submitted,

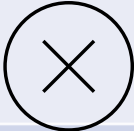



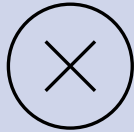








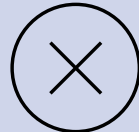


Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

Table 1 Summary of Project Delivery Models Represented in Responses to RFI-1073-2024

Vehicle (providers)	Pros	Cons
Construction Loan	<ul style="list-style-type: none"> Low-cost debt (~2% as of Sept 2024) for projects achieving min 50% GHG savings thru CIB Simple deal structure Technology and vendor agnostic 	<ul style="list-style-type: none"> No performance guarantee/risk sharing No support with project delivery (i.e. not a turn-key solution)
Energy Performance Contracting – vendor aligned retrofit aggregator	<ul style="list-style-type: none"> Energy performance guarantee & risk sharing Outsourced project management and maintenance Can lead to access to low-cost CIB retrofit financing 	<ul style="list-style-type: none"> Region has limited experience with EPC; need to develop procurement and contracting documents from scratch Potentially high transaction costs and long negotiation period Generally, not technology/vendor agnostic
Energy Performance Contracting – vendor neutral retrofit aggregator	<ul style="list-style-type: none"> low cost of debt (~2% as of Sept 2024) for projects achieving min 30% GHG savings thru CIB Energy performance guarantee & risk sharing Outsourced project management and maintenance Examples of public sector projects (although not specifically in Ontario municipal context) Technology and vendor agnostic Several ESCO RFI respondents willing to work through vendor neutral retrofit aggregator model 	<ul style="list-style-type: none"> Indicates that they do not respond to RFPs; looking for upfront partnerships with building portfolio owners Some “neutral” CIB-affiliated partners/aggregators are much smaller in capital availability
Efficiency-as-a-Service	<ul style="list-style-type: none"> Service provider takes on performance risk Outsourced project management and maintenance Access to CIB retrofit financing through EaaS partner 	<ul style="list-style-type: none"> Asset ownership typically remains with service provider throughout contract term Generally not technology/vendor agnostic

Table 2 RFI High-level Multi-criteria Analysis

Criteria	CIB construction loan	CIB EPC-vendor aligned	CIB EPC-vendor neutral	CIB EaaS
Access low-cost capital	Low	Medium	Medium	Medium
Risk sharing / guarantee				
Outsourced project management & maintenance				
Maintain client ownership / control of assets				
Choice over technology and vendor				
Contract complexity	Low	High	Medium	Medium



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-4
Date: May 13, 2025

Subject:

The issuance of debentures on behalf of the Town of Ajax, Municipality of Clarington, City of Pickering, Township of Uxbridge and the Region of Durham, and a loan application with Infrastructure Ontario on behalf of the Region of Durham

Recommendations:

That the Finance and Administration Committee recommends to Regional Council:

2025 Debentures

- A) That the Commissioner of Finance be authorized to issue external debentures, in a total principal amount not to exceed \$161,989,000 on behalf of the Town of Ajax, the Municipality of Clarington, City of Pickering, Township of Uxbridge and the Regional Municipality of Durham ("**Region**") over various terms, with such terms not to exceed 20 years relating to the financing requirements detailed in the body of this report;
- B) That the Commissioner of Finance be authorized to negotiate the proposed terms and conditions of the external debenture issue as deemed necessary by the Fiscal Agents and sign the Purchase Letter to successfully market the issue to prospective investors, with the possibility that the Region may purchase all or part of the debentures; and
- C) That the Region be authorized to issue the external debentures through CDS Clearing and Depository Services Inc.'s "Book Entry Only" system.

Infrastructure Ontario ("IO") Loan Program

- D) That the Commissioner of Finance be authorized to seek long-term borrowing of up to \$90,976,949 on behalf of the Region from the Ontario Infrastructure Lands and Corporation, or IO, under the Housing-Enabling Water Infrastructure ("**HEWI**") lending stream over various terms, with such terms not to exceed 20 years relating

to the financing requirements detailed in the body of this report, subject to approval from IO;

- E) That the entering into of a financing agreement under the HEWI lending stream of IO by the Regional Chair and the Commissioner of Finance be approved, subject to the satisfaction of the Commissioner of Finance, and approval be granted for the requisite authorizing by-law(s); and
- F) That the Commissioner of Finance and Regional Chair be authorized to generally do all things and to execute all other documents and papers in the name of the Region in order to carry out the long-term borrowing under the financing agreement.

Update on Approved Debenture Finance for Durham Region Transit Project

- G) That the location of the 110 Westney Facilities EV Charging Infrastructure Project approved through [Report #2024-F-18](#) in the amount of \$2,300,000 financed by debentures be relocated to Durham Region Transit Oshawa Facility as a result of available electricity capacity.

Report:

1. Purpose

- 1.1 To seek authority to issue external debentures on behalf of the Town of Ajax, Municipality of Clarington, City of Pickering, Township of Uxbridge and the Region.
- 1.2 To seek authority to acquire debt financing and pursue next steps under IO's HEWI lending stream for some of the Region's growth-related water and sewer projects, subject to approval.
- 1.3 To seek Council's direction to shift the location of the approved Durham Region Transit electrification project and associated debenture financing from the Westney Transit Facility to the Oshawa Transit Facility.

2. Background

- 2.1 The recommendation to issue external debentures by the Region for \$161,989,000, is brought forward at this time in response to requests for funding from the Town of Ajax, Municipality of Clarington, City of Pickering, Township of Uxbridge and the Region related to various capital works. To meet the financing needs of the Region and the lower-tier municipalities, it is anticipated that the Region will go to market and issue one or more debentures during 2025.
- 2.2 Typically, the Region issues Serial debentures, which are more suitable for borrowing amounts up to approximately \$75,000,000, and terms up to twenty

years. With increased borrowing requirements, Sinking Fund, or Bullet, debentures may be considered to accommodate issuance sizes above \$75,000,000, with issuance terms normally up to thirty years.

- 2.3 Sinking Fund debentures are widely used by other borrowers, including the City of Toronto, the Region of Peel and the Region of York, and attract a broader investor base due to their enhanced liquidity. Unlike Serial debentures, where annual principal repayments reduce the outstanding principal each year up to maturity, Sinking Fund debentures pay only interest semi-annually, with the entire principal balance paid off at maturity. In lieu of annual principal repayments, a Sinking Fund is established with annual contributions, and those contributions are invested and monitored to ensure that sufficient funds are accumulated to retire the debt at maturity.
- 2.4 Issuing Sinking Fund debentures requires additional oversight and administration such as separate financial statements and audits to ensure that annual contributions are deposited and managed to achieve the required rates of return in the Sinking Fund.
- 2.5 This report provides the parameters within which the Debenture Committee may exercise its delegated administrative authority to approve debenture by-laws to facilitate the closing of debenture issues.
- 2.6 In 2025, Standard and Poor's and Moody's Investors Services affirmed the Region's AAA credit rating. A report advising of this was included on a CIP report on the April 18th, 2025 distribution. Both agencies have maintained a stable outlook for the Region, referencing exceptional liquidity, very low debt levels, strong population growth within a diversified economy, stable and predictable revenues, and conservative fiscal management. The local municipalities also benefit from the Region's strong credit rating as the Region issues debentures on their behalf.
- 2.7 Despite multiple cuts to the Bank of Canada's overnight rate starting in June 2024, borrowing rates have remained elevated compared to the lows experienced during the pandemic due to trade uncertainty surrounding tariffs. In the near term, short-term interest rates are expected to be very volatile and long-term rates are likely to hover around current market levels.
- 2.8 Starting December 2, 2024, in partnership with the Ministry of Infrastructure and other government stakeholders, the IO Loans Program expanded to include funding for municipalities under the HEWI lending stream, a new financing source to support the construction, expansion, repair, and rehabilitation of housing-enabling water infrastructure projects. Regional staff applied for \$90,976,949 of funding on March 3, 2025, with board review expected in June 2025. Please see Attachment #1 for a copy of the HEWI loan application submitted to IO.

3. Borrowing Requirements of the Lower-tier Municipalities

3.1 As outlined in the recommendations above, the collective principal borrowing requirements of the Town of Ajax, Municipality of Clarington, City of Pickering, Township of Uxbridge and the Region for proposed debentures is not to exceed \$161,989,000.

3.2 Town of Ajax

The Town of Ajax has requested that the Region issue external debentures on its behalf for the following projects:

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
Purchase of 4 Stake Trucks	\$508,000	9 Years
Purchase of 2 Single Axle Snowplow	\$898,000	12 Years
Purchase of 1 Backhoe	\$206,000	12 Years
Purchase of 1 Loader	\$320,000	20 Years
TOTAL	\$1,932,000	

3.3 Municipality of Clarington

The Municipality of Clarington has requested that the Region issue external debentures on its behalf for the following projects:

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
South Bowmanville Rec Facility (Ph.1)	\$5,000,000	20 Years
Ops Depot/Fire Station	\$47,750,000	20 Years
TOTAL	\$52,750,000	

3.4 City of Pickering

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

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
Pickering Heritage & Community Centre	\$24,889,000	20 Years
TOTAL	\$24,889,000	

3.5 Township of Uxbridge

The Township of Uxbridge has requested the Region to issue external debentures on its behalf for the following projects:

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
Animal Shelter	\$1,000,000	10 Years
TOTAL	\$1,000,000	

4. Borrowing Requirements of the Region

4.1 Debentures

The Region proposes to issue external debentures in an amount not to exceed \$81,418,000 in the Canadian capital markets for a term not to exceed 20 years for the following projects:

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
DRPS - Specialized Unit	\$6,962,000	15 Years
Clarington Complex Phase 2 - Additional Financing	\$3,503,000	20 Years
Seaton Long-Term Care Home	\$70,953,000	20 Years
TOTAL	\$81,418,000	

4.2 Infrastructure Ontario Loan Program

The Region will pursue a financing agreement with IO up to a maximum loan amount of \$90,976,949 through the HEWI lending stream for a term not to exceed 20 years for the following projects, subject to approval from the lender:

	<u>Amount</u>	<u>Term</u>
<u>Capital Project</u>	<u>(Not to Exceed)</u>	<u>(Not to Exceed)</u>
Sanitary Sewer Kingston Road	\$13,494,600	15 Years
Newcastle Water Pollution Control Plant Expansion	\$10,411,618	15 Years
Whitby Water Supply Plant	\$18,000,000	20 Years
Courtice Trunk Sanitary Sewer	\$49,070,731	20 Years
TOTAL	\$90,976,949	

5. External Services Required

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

5.1 Fiscal Agents:

- a. Over the past 30 years, CIBC World Markets Inc. and RBC Dominion Securities

- Inc. have acted as the Region's Fiscal Agents ("**Fiscal Agents**"). In this role, the Fiscal Agents have provided advice to regional staff on an on-going basis and have successfully marketed the Region's debenture issues.
- b. Based on the Region's past practice of rotating the lead manager between the Fiscal Agents, RBC Dominion Securities Inc. will act as a lead for the initial 2025 external debenture issue with rotating leads thereafter.
- 5.2 Fiscal Solicitor:
- a. WeirFoulds LLP will provide legal advice for the debenture issues as the Fiscal Solicitor and will authenticate the debentures.
 - b. WeirFoulds LLP has a sound reputation in providing fiscal solicitor services in respect of debentures issued by regional governments in the Greater Toronto Area.
- 5.3 CDS Clearing and Depository Services Inc:
- a. CDS Clearing and Depository Services Inc. is owned by TMX Group Inc. and has processed previous external debenture issues for the Region through its Book Entry Only system, providing electronic records for the debenture issues. This means physical definitive debenture certificates issued to debenture holders are not required to market the external issue.
- 6. Annual Repayment Limits**
- 6.1 In accordance with Section 4 of Ontario Regulation 403/02 (Debt and Financial Obligation Limits Regulation), the Regional Treasurer and the Fiscal Solicitor will ensure that the Long-Term Debt/Financial Obligation limits for the Town of Ajax, Municipality of Clarington, City of Pickering, Township of Uxbridge and the Region were calculated and were not exceeded by the approval of the capital works which are to be financed through the issuance of the proposed debentures. They will confirm that approval by the Ontario Land Tribunal was not required for the financing of these projects through the Region's debenture issues described in this report.
- 7. Debenture Financing for Durham Region Transit Electrification Upgrades**
- 7.1 In November 2024, Regional Council through [Report #2024-F-18](#) approved \$2,300,000 in debenture financing for EV charging infrastructure for Durham Region Transit at the 110 Westney facility. Since this approval, Durham Region Transit has been working with PowerON to develop the detailed scope of work and site feasibility for this project. Through this detailed assessment, a relocation of this work to Durham Region Transit's facility in Oshawa is recommended due to the limited electricity capacity at the 110 Westney facility to meet Durham Region Transit's charging infrastructure requirements.

- 7.2 As this is a debenture financed project, Regional Council approval for this relocation is required.

8. Conclusion

- 8.1 The recommendations contained in this report effectively authorize staff to proceed with the issuance of external debentures to meet the financing requirements of the Region and the lower-tier municipalities.
- 8.2 Staff will seek the advice of the Fiscal Agents regarding the most opportune time to issue debentures and staff and/or the Debenture Committee will advise Regional Council of the final terms and conditions of the external debenture issue upon its sale in the Canadian debt capital markets.
- 8.3 The related by-laws for the proposed debentures will be presented to Regional Council or the Debenture Committee for approval.
- 8.4 If approved by Infrastructure Ontario for funding under the HEWI lending stream, the Commissioner of Finance will seek approval from Council and/or the Debenture Committee to enter into a financing agreement and execute all other documents and forms in the name of the Region to carry out the long-term borrowing under the financing agreement.

9. Attachments

Attachment #1: Ontario Infrastructure Lands and Corporation Loan Application

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

Webloans Loan Application PDF

FA Number 1989

Application for Durham, The Regional Municipality of

Projects

Loan Application ID	Project Name	Construction/Purchase Start	Construction/Purchase End	Project Cost	OILC Loan Amount
1007	Whitby Water Supply Plant Upgrades and Rehabilitation	04/01/2026	12/31/2028	\$32,000,000.00	18,000,000.00
1007	Courtice Trunk Sanitary Sewer Phase 4 Clarington	10/01/2025	12/31/2028	\$60,500,000.00	49,070,731.00
1007	Sanitary Sewer Kingston Road	07/01/2025	12/31/2026	\$16,200,000.00	13,494,600.00
1007	Newcastle Water Pollution Control Plant Capacity Re rating 4 MLD to 7 MLD	11/25/2024	10/01/2027	\$13,100,000.00	10,411,618.00

Details of Project Whitby Water Supply Plant Upgrades and Rehabilitation

Project Category Housing Enabling Water - Potable Water

Project Name Whitby Water Supply Plant Upgrades and Rehabilitation

Construction/Purchase Start 04/01/2026

Construction/Purchase End 12/31/2028

Energy Conservation ☐

Project Address 1 289 Water Street

Project Address 2 Whitby Ontario L1N 9J2

City / Town Whitby

Province ON

Postal Code

Description Proposed works to include but is not limited to building envelope improvements, filter treatment process upgrades, rehabilitation works for electrical, mechanical and process systems.

Requests

(For HEW projects, please specify the initial fixed interest term of the debenture amortization period (e.g. the first 10/20/30 years in a 40 year amortization period)

Columbus, North Oshawa, Kedron, and Courtice. Intensification corridors within Pickering, Ajax, Whitby, Oshawa, and Courtice. Housing Construction is currently occurring and the project will allow development to continue into the future. Important to note that this is one of the first in a series of projects required to enable the housing numbers. End of Housing Construction expected in 2034 per the schedule below.

2025-F-4
Attachment #1

2025 - 6,100
2026 - 6,100
2027 - 6,100

Useful Life of Asset (Years)

30

Project Financial Information

Type of Financing Housing Enabling Water/Construction Interest Paid

Payment Frequency Semiannually

Project Cost (A) \$32,000,000.00

Other Project Funding / Financing (B):

Description	Timing	Amount
Water Rate Stabilization Reserve Fund	Expected	\$14,000,000.00
Other Project Funding/Financing Total (B)		\$14,000,000.00
OILC Loan Amount (A-B)		\$18,000,000.00

Only include long-term borrowing in this section

Required Date	Amount	Term	Type
06/01/2028	\$46,000,000.00	20	Amortizing
Long-term Borrowing Total		\$46,000,000.00	

Details of Enabled Housing

Estimate on number of net new housing units enabled by the project?	* 61000
Breakdown of net new housing units by housing type using CMHC categorizations	
Singles	* 13800
Semis	* 2200
Row	* 21400
Apartment and Other	* 23600

Details of Project Courtice Trunk Sanitary Sewer Phase 4 Clarington

Project Category	Housing Enabling Water - Waste Water
Project Name	Courtice Trunk Sanitary Sewer Phase 4 Clarington
Construction/Purchase Start	10/01/2025
Construction/Purchase End	12/31/2028

Energy Conservation

Project Address 2

2025-F-4
Attachment #1

City / Town Clarington

Province ON

Postal Code

Description Installation of approximately 3.8km of a new 1800mm sanitary trunk sewer, including local watermain, local sanitary sewer and third party utility relocations to accommodate microtunnel launch and receiving shafts.

Comments and/or Special Requests

(For HEW projects, please specify the initial fixed interest term of the debenture amortization period (e.g. the first 10/20/30 years in a 40 year amortization period)

The Location of the Housing Developments will be un-developed urban areas of Brooklin, Columbus, North Oshawa, Kedron, and Courtice. Housing Construction is currently occurring and the project will allow development to continue into the future. Important to note that this is one of the first in a series of projects required to enable the housing numbers. End of Housing Construction expected in 2034 per the schedule below.

2025 - 1,900
2026 - 1,900
2027 - 1,900
2028 - 1,900

Useful Life of Asset (Years)

80

Project Financial Information

Type of Financing Housing Enabling Water/Construction Interest Paid

Payment Frequency Semiannually

Project Cost (A) \$60,500,000.00

Other Project Funding / Financing (B):

Description	Timing	Amount
Capital Project Reserves	Existing	\$5,258,269.00
User rates	Existing	\$6,171,000.00
Other Project Funding/Financing Total (B)		\$11,429,269.00

OILC Loan Amount (A-B)

\$49,070,731.00

Only include long-term borrowing in this section

Required Date	Amount	Term	Type
06/01/2028	\$49,070,731.00	20	Amortizing
Long-term Borrowing Total		\$49,070,731.00	

Estimate on number of net new housing units enabled by the project?

* 19200

Breakdown of net new housing units by housing type using CMHC categorizations

Singles

* 7400

Semis

* 600

Row

* 7800

Apartment and Other

* 3400

Details of Project Sanitary Sewer Kingston Road

Project Category Housing Enabling Water - Waste Water

Project Name Sanitary Sewer Kingston Road

Construction/Purchase Start 07/01/2025

Construction/Purchase End 12/31/2026

Energy Conservation

Project Address 1 Kingston Road from 675 meters east of Whites Road to Rougemount Precinct Sanitary Sewage Pumpin

Project Address 2

City / Town Pickering

Province ON

Postal Code

Description Installation of a new 900mm and a new 525mm sanitary trunk sewer from 675 meters east of Whites Road to Rougemount Precinct Sanitary Sewage Pumping Station in Pickering.

Comments and/or Special Requests

(For HEW projects, please specify the initial fixed interest term of the debenture amortization period (e.g. the first 10/20/30 years in a 40 year amortization period)

The Location of the Housing Developments will be properties fronting on the new trunk sewer on Kingston Rd from 675 m east of Whites Rd to the intersection of Kingston Rd & Rosebank Rd. Housing Construction will potentially begin in 2025 and the end of Housing Construction is expected in 2034 per the schedule below.

2025 - 440

2026 - 440

2027 - 440

2028 - 440

2029 - 440

Useful Life of Asset (Years)

80

Project Financial Information

Project Cost (A) \$16,200,000.00

2025-F-4
Attachment #1

Other Project Funding / Financing (B):

Description	Timing	Amount
User rates	Existing	\$1,652,400.00
Commercial Development Charges	Existing	\$1,053,000.00
Other Project Funding/Financing Total (B)		\$2,705,400.00

OILC Loan Amount (A-B) \$13,494,600.00

Only include long-term borrowing in this section

Required Date	Amount	Term	Type
06/01/2026	\$13,494,600.00	15	Amortizing
Long-term Borrowing Total		\$13,494,600.00	

Details of Enabled Housing

Estimate on number of net new housing units enabled by the project?

* 4400

Breakdown of net new housing units by housing type using CMHC categorizations

Singles

* 0

Semis

* 0

Row

* 800

Apartment and Other

* 3600

Details of Project Newcastle Water Pollution Control Plant Capacity Re rating 4 MLD to 7 MLD

Project Category Housing Enabling Water - Waste Water

Project Name Newcastle Water Pollution Control Plant Capacity Re rating 4 MLD to 7 MLD

Construction/Purchase Start 11/25/2024

Construction/Purchase End 10/01/2027

Energy Conservation ☒

Project Address 1 1000 Toronto St, Newcastle, ON L1B 0A6

Project Address 2

City / Town Clarington

Province ON

Postal Code

Comments and/or Special Requests

(For HEW projects, please specify the initial fixed interest term of the debenture amortization period (e.g. the first 10/20/30 years in a 40 year amortization period)

The Location of the Housing Developments will be un-developed urban areas of Newcastle. Housing Construction is currently occurring and the project will allow development to continue into the future. Important to note that this is one of the first in a series of projects required to enable the housing numbers. End of Housing Construction expected in 2034 per the schedule below.

2025 - 110
2026 - 110
2027 - 110
2028 - 110
2029 - 110

Useful Life of Asset (Years)

20

Project Financial Information

Type of Financing

Housing Enabling Water/Construction Interest Paid

Payment Frequency

Semiannually

Project Cost (A)

\$13,100,000.00

Other Project Funding / Financing (B):

Description	Timing	Amount
User rates	Existing	\$2,688,382.00
Other Project Funding/Financing Total (B)		\$2,688,382.00
OILC Loan Amount (A-B)		\$10,411,618.00

Only include long-term borrowing in this section

Required Date	Amount	Term	Type
06/01/2027	\$15,788,382.00	15	Amortizing
Long-term Borrowing Total		\$15,788,382.00	

Details of Enabled Housing

Estimate on number of net new housing units enabled by the project?	* 1110
Breakdown of net new housing units by housing type using CMHC categorizations	
Singles	* 900
Semis	* 10
Row	* 100
Apartment and Other	* 100

Debt and Re-payments Summary

2025-F-4
Attachment #1

Has there been any new/undisclosed debt acquired since last FIR was submitted? ☐ Yes ☒ No

Please describe any re-financing plans for any existing "interest only" debt, if applicable.

Non Re-payments of Loans or Debenture

In the last 10 years, has the borrower ever failed to make a loan payment or debenture repayment on time to any lender, including the Provincial Government?

If yes, please provide details.

No

OILC Loan Repayment Information

Please indicate the source(s) of revenue you plan to use to repay the OILC Loan

Taxation	0.00
User Fees	26.27
Service Charges	0.00
Development Charges	73.73
Connection Fees	0.00
Repayment Subsidies	0.00
Other	
Total	100.00%

Documentation and Acknowledgements

Please ensure all required documents are submitted with the signed application. OILC requires originals as noted below to be mailed or couriered. Also, please retain a copy of all documents submitted to OILC for your records.

To obtain templates for documents see listed below.

- Loan Application Signature Page signed and dated by the appropriate individual (original to be submitted)
- Certificate and sealed copy of OILC template By-law authorizing project borrowing and applying for a loan (original with seal)
- Certificate of Treasurer Regarding Litigation using the OILC template (original, signed & sealed)
- Updated Certified Annual Repayment Limit Calculation (original)

☒ I acknowledge and agree that all of the above referenced documents must be submitted in the form required by OILC and understand that the application will not be processed until such documents have been fully completed and received by Infrastructure Ontario.

Please note: OILC retains the right to request and review any additional information or documents at its discretion.

Confidential Information

OILC is an institution to which the Freedom of Information and Protection of Privacy Act (Ontario) applies. Information and supporting documents submitted by the Borrower to process the loan application will be kept secure and confidential, subject to any applicable laws or rules of a court or tribunal having jurisdiction.



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-5
Date: May 13, 2025

Subject:

Investment Policy Statement Update

Recommendation:

That the Finance & Administration Committee recommends to Regional Council:

That the proposed Investment Policy Statement attached to this report, be approved.

Report:

1. Purpose

- 1.1 This report proposes an updated Investment Policy Statement ("**IPS**") arising from the annual review required under Section 418.1 of the Municipal Act, 2011 ("**Act**") and Ontario Regulation 438/97 ("**Regulation**"), as amended.

2. Definitions

- 2.1 In-Kind Securities: assets/securities, other than cash, including both fixed income and equity securities, that are invested under section 418 of the Act (i.e., the Legal List) before a municipality adopts the Prudent Investor Standard.
- 2.2 Money not Required Immediately ("**MNRI**"): money that is not required immediately by a municipality, i.e., long-term funds, that will be under the control and management of ONE JIB and as defined in this IPS that will be invested in accordance with the Prudent Investor Standard.
- 2.3 Money Required Immediately ("**MRI**"): money that is required immediately by a municipality, i.e., short-term funds, that are remains under the control and management of the municipality and, that can be invested in accordance with the IPS and applicable legislation.

- 2.4 Restricted Special Assets: investments specified in the IPS and held by a municipality on or after the Prudent Effective Date, where ONE JIB is not able to exercise control. Such securities may include, a municipality's debentures ("**Own Debt**"), securities of Local Distribution Corporations, and investments in Guaranteed Investment Certificates ("**GICs**").

3. Background

- 3.1 As a member of ONE JIB, the Region delegates control and management of its long-term investment funds, or MNRI, to the ONE Joint Investment Board. The attached IPS has been drafted by staff and it is through this document that Council ultimately controls investment of MNRI.
- 3.2 Per the Regulation, Council must conduct a review of the IPS at least annually, and, if necessary, update it accordingly. It is the Region's responsibility to notify ONE JIB of any changes to the IPS so that the Investment Plan ("**IP**") can be updated in a timely manner.

4. Previous Reports and Decisions

- 4.1 On October 26, 2023, Council approved the adoption of the Prudent Investor Standard and instructed staff to determine the most suitable governance structure, proceed with next steps, and report back as required ([#2023-F-23](#) Prudent Investor: Options Analysis and Next Steps for Adoption).
- 4.2 On April 24, 2024, Council approved a new IPS and enacted Prudent Investor Enabling By-Law [#2024-021](#), agreeing to a Prudent Effective Date of July 15, 2024 and authorizing the Region to invest its money and investments not required immediately in the Prudent Investment Program of ONE JIB (Report [#2024-F-6](#)).

5. Investment Policy Review

- 5.1 The IPS defines MRI and MNRI, and conveys Council's objectives for the short-term portfolio, managed internally and comprised of MRI, and the long-term portfolio, managed externally by ONE JIB and comprised of MNRI. The IPS also explains the Region's investment constraints, risk tolerance, liquidity requirements, and any other relevant matters.
- 5.2 The Region must notify ONE JIB of any changes to the IPS so that the IP can be updated accordingly to comply with the Region's IPS. The IP outlines ONE JIB's overall investment approach as well as the target asset mix for each of the Region's MNRI portfolios.
- 5.3 No significant change in the Region's circumstances was identified by staff during the annual IPS review, including, but not limited to, the adequacy of funding for capital works, ability to reduce other spending, payout timeframes and sensitivity to loss.

- 5.4 The IPS was expected to remain materially unchanged as part of the annual review. However, after consulting with ONE Investment, staff were made aware of a new IPS template and ONE JIB In-Kind Securities Policy implemented since the 2024 IPS update.
- 5.5 ONE JIB amended its In-Kind Securities Policy to exclude management of securities over which it has no actual control and management due to the nature of the security or restrictions imposed by municipalities. Consequently, all Durham Region Own Debt previously pledged to ONE JIB are now Restricted Special Assets and must be reclassified from MNRI to MRI. This transition will occur during 2025.
- 5.6 To support the municipal sector and municipal bond issuances, the IPS includes municipal bonds of all terms as eligible MRI investments. Investments in other municipalities' bonds will be considered MRI for purposes of the Region's investment portfolio.
- 5.7 This and other minor changes are outlined in Appendix A: Summary of Material IPS Changes.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:
- a. Strong Relationships
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
 - S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.
- 6.2 This report aligns with/addresses the following Foundation(s) in Durham Region's 2025-2035 Strategic Plan:
- a. Processes: Continuously improving processes to ensure we are responsive to community needs.

7. Conclusion

- 7.1 The updates to the IPS are designed to improve clarity, reflect industry best practices and encourage alignment with other municipalities investing through ONE JIB.
- 7.2 Reviewing the IPS at least annually for potential changes ensures that the Region complies with legislative requirements established in the Act and Regulation.

8. Attachments

Attachment #1: Investment Policy Statement

Attachment #2: Appendix A: Summary of Material IPS Changes

Respectfully submitted,

Original Signed By

Nancy Taylor
Commissioner of Finance/Treasurer

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



Regional Municipality of Durham
Finance Department
Finance Policy and Procedures

Title: Investment Policy Statement		
Policy #: N/A	Issued: December 2007	Page #: 1 of 30
Revised and Restated: May 2025 (effective July 15, 2025)		
Approved by: Regional Council		
Responsibility: Commissioner of Finance/Treasurer		Section: Investment Portfolio

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1. DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

Act: means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

Agent: means any administrator, Custodian, payment servicer, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment, and the Sub-Investment Manager.

Alternative Assets: means investments outside traditional investments such as equities, fixed income, and cash which may include, hedge funds, private equity, natural resources, real estate and infrastructure. Alternative investments are typically less liquid than traditional investments, are appropriate only for allocations with a long investment horizon.

Asset Class: means a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

Asset Mix (or Asset Allocation): means the proportion of each Asset Class in a portfolio.

Authorizing By-law: means a by-law of the Municipality that authorizes it to invest its money and investments that it does not require immediately in the OCIO offering of ONE JIB pursuant to section 418.1 of the Act, to approve various documents, the entering into of agreements including a Prudent Effective Date Agreement and the delegation of certain powers and duties to ONE JIB/ONE Investment.

Benchmark: means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

CHUMS Financing Corporation (CHUMS): means a subsidiary of Municipal Finance Officers' Association of Ontario (MFOA) which, in conjunction with LAS, established ONE Investment.

CFA Institute: refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

Credit Risk: means the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security.

Custodian: means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold securities for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

Designated Funds means source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Designated Funds are listed in Schedule B of this IPS.

Diversification: means a risk management technique that mixes a variety of investment types within a portfolio to help mitigate portfolio risk. A diversified portfolio holds different kinds of investments to improve the risk adjusted returns.

Derivative: means a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

Environmental, Social and Governance (ESG) Investing: means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to a more comprehensive analysis of a company.

External Portfolio Managers: means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

Internal Controls: means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

Interest Rate Risk: means the risk associated with declines or increases in interest rates that cause an investment in a fixed-income security to increase or decrease in value.

Investment Officer: means the Manager, Investment Portfolio, Senior Investment Analyst or other staff as designated by the Commissioner of Finance/Treasurer or Director of Financial Solutions, Utility Finance and Portfolio Management to implement the investment mandate.

Investment Plan: means the investment plan applicable to the MNRI and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

Investment Policy Statement (IPS): means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for MNRI under the Regulation, and for MRI, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

JIB: is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

Legal List Securities: means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

Leverage: means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

Liquidity: means the ability to turn an investment into cash relatively quickly, without a substantial loss in value. For example, a savings account is more liquid than real estate.

Local Authority Services (LAS): means an entity which, in conjunction with MFOA/CHUMS, established ONE Investment.

Local Distribution Corporation or LDC: means a corporation incorporated under Section 142 of the *Electricity Act, 1998*.

Market Value: means the price at which a security is trading and could presumably be sold. Also known as Fair Value it represents the current value of the investment.

Maturity: means the date upon which the principal or stated value of an investment becomes due.

Money not Required Immediately (MNRI): means the money that is not required immediately by the Municipality, i.e., long-term funds, that will be under the control and management of ONE JIB and as defined in this IPS that will be invested in accordance with the Prudent Investor Standard.

Money Required Immediately (MRI): means the money that is required immediately by the Municipality, i.e., short-term funds, that remains under the control and management of the Municipality and, that can be invested in accordance with the Legal List Securities or other applicable legislation.

Municipal Services Corporation (MSC): means a corporation established under section 203 of the Act in accordance with the applicable regulation (Ontario Regulation 599/06).

Municipality: means The Regional Municipality of Durham.

OCIO Offering: means the comprehensive investment program made available through ONE Investment as agent for ONE JIB, where a qualified investment manager is engaged to advise a Participating Municipality with regard to the investment of the Participating Municipality's MNRI and to invest and manage such MNRI in accordance with the terms and conditions set out in the ONE JIB Agreement.

ONE Investment: means the not-for-profit corporation established by CHUMS and LAS which provides certain management, administrative and other services to ONE JIB as its agent.

ONE JIB: means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

ONE JIB Agreement: means the agreement effective as of the Prudent Effective Date, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's MNRI.

Participating Municipality: means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

Pooled Fund: means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by the Sub investment manager. Monies are pooled or combined with monies of other investors.

Portfolio: means any collection of funds that are grouped together and available to support the infrastructure needs of the Municipality.

Proxy Voting: means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. The Sub investment manager usually vote proxies on behalf of their clients.

Prudent Effective Date: means the mutually agreed-upon date by the Municipality and ONE Investment on which the prudent investor regime applies to the Municipality. The Prudent Effective Date as defined in By-law Number 2024-021 of the Municipality, shall be July 15, 2024.

Prudent Effective Date Agreement: means an agreement entered into by the Municipality and ONE Investment that sets out the day on which the prudent investor regime starts to apply to the Municipality

Prudent Investor Standard: means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard applies the standard of prudence to the entire portfolio in respect of the Municipality's MNRI rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

Rebalancing: means the process of realigning the weightings of a portfolio of assets. Rebalancing involves periodically buying or selling securities in a portfolio to maintain an original or desired level of asset allocation or risk.

Regulation: means Ontario Regulation 438/97.

Restricted Special Assets: means investments specified by this IPS and held by the Municipality on or after the Prudent Effective Date, where ONE JIB is not able to exercise control. Restricted Special Assets are listed in Schedule A of this IPS and are not considered to be MNRI.

Risk: means the uncertainty of future investment returns or chance of loss of capital.

Risk Tolerance: means the financial ability and willingness to absorb a loss in return for greater potential for gains.

Safekeeping: means the holding of assets (e.g., securities) by a financial institution.

Securities Lending: means lending a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional incremental returns on the total portfolio.

Sinking Fund: means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

Sinking Fund Required Contributions (Annual Sinking Fund Requirement): means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund debenture issue in accordance with the Municipality's debenture by-laws.

Sinking Fund Required Earnings: means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund debentures.

Sinking Fund Excess Earnings: means the investment earnings in excess of the required earnings.

Sub-Investment Manager: means an asset management firm or investment consultant, acting as a sub-investment manager for ONE JIB that provides investment advice and professional services and is involved in the implementation and operational aspects of the OCIO Offering, and that has full responsibility for the investment and management of a Participating Municipality's MNRI through ONE Investment, based on an IPS approved by the Council of the municipality.

Third-Party Trust Funds means money over which the Municipality exercises both management and policy control but whose assets are not owned by the Municipality. These funds are governed by a variety of agreements and, in some cases, by legislation. Some funds may have externally mandated investment policies, and some may have investment policies that are determined by the Municipality. Third-Party Trust Funds are listed in Schedule B of this IPS.

Trust Fund: means a fund which consists of assets that have been conveyed or assigned to a trustee to be administered as directed by agreement or statute. As a result, a trustee holds title to the assets for the purpose of providing benefits, and being accountable, to a beneficiary. The Municipality is the trustee of funds that are to be used for specific purposes by the Municipality or any related parties.

2. PURPOSE AND LEGISLATIVE FRAMEWORK

2.1 Purpose

This IPS governs the investment of the Municipality's MNRI (long-term funds) and MRI (short-term funds) that comprise its investment portfolio. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct the ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the

Act. Restricted Special Assets, listed in Schedule A of this IPS are not considered to be MNRI.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary, or Third-Party Trust Funds. The Municipality's Third-Party Trust Funds are listed in Schedule B of this IPS.

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "Designated Funds", are listed in Schedule B of this IPS. Designated Funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest.

ONE JIB is not responsible for the investment activities or performance of Third-Party Trust Funds, Designated Funds or Restricted Special Assets.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to Restricted Special Assets, Third-Party Trust Funds and Designated Funds;
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent, sub-investment manager, or advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

2.2 Governing Legislation

Investments of MRI will only be made in Legal List Securities in accordance with this IPS and Section 418 of the Act. Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to enhance risk-adjusted rates of return.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

Money and investments that the Municipality holds as Restricted Special Assets, Third-Party Trust Funds or has an interest in as Designated Funds will be subject to applicable legislation and any related agreements or instruments.

2.3 Prudent Investor Standard

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY

3.1 Determination of MNRI and MRI

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations;

- the purpose for which the monies have been collected or set aside and are to be used;
- the source of the money; or
- any combination of the foregoing

The Municipality has defined MNRI as money from its own reserves, reserve funds and/or sinking funds that will be used to meet financial obligations that become due more than three years from the date of receipt of such money. The purpose of the money is to fund the municipality's future capital, operational, and contingency needs.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than Restricted Special Assets, Third-Party Trust Funds and any Designated Funds listed in Schedules A and B) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

3.2 Overview of Portfolios

The Municipality's portfolios represent funds available to support Municipal needs. A high-level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

4. ROLES AND RESPONSIBILITIES

4.1 Role of ONE JIB

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement attached as Schedule C to Prudent Investor Enabling By-law [#2024-021](#).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;

- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging Custodians, administrators and other investment professionals (i.e. Agents);
- Allocating the money and investments under its control and management in compliance with this IPS;
- Monitoring the performance of the OCIO Offering and Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

4.2 Role of Municipal Staff

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, in addition to any Third-Party Trust Funds, Designated Funds and Restricted Special Assets identified in Schedules A and B, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures including:

- Investment management of MRI and any Third-Party Trust Funds, Designated Funds and Restricted Special Assets by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of Investment Officers when investing MRI.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any Third-Party Trust Funds, Designated Funds and Restricted Special Assets, the Treasurer may engage one or more agents and service providers.

4.3 Ethics and Conflicts of Interest

Individuals who are responsible for the Municipality's MRI Investment Portfolio shall

comply with the Municipality's Employee Code of Conduct or conflict of interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct or CFA Institute's Code of Ethics and Standards of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the

Act. This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

5. INVESTMENT

5.1 MRI

The Municipality's MRI is described in Section 3.1. Unless specifically excluded, the Municipality's MRI as described in this IPS consists of money that is needed to meet the short-term financial obligations of the Municipality coming due within three years and are controlled and managed by the Investment Officer(s) under the direction of the Treasurer.

5.1.1 MRI: Investment Objectives

Investments made with MRI will be actively managed in accordance with any portfolio constraints identified in Appendices 1, 2 and 3, with the objective of optimizing risk-adjusted returns greater than is available from conventional cash holdings. It is recognized that this will involve a modest increase in risk. This strategy is designed to provide superior short-term investment returns primarily through interest income, realized capital gains and moderate capital appreciation. The returns generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is paramount for MRI investments. Consequently, only high credit quality Legal List Securities will be held in this portfolio. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital, maintaining liquidity, and managing risk through diversification by issuer and credit quality.

The investment objectives for MRI, ranked in priority, are as follows:

a) Eligibility of Investments

All investment activities shall be governed by the Act. Investments, unless further limited by Council, shall be those which are eligible under the Regulation, Part I or as authorized by subsequent provincial regulations.

b) Preservation of Capital

The primary objective for investments made with MRI is to ensure the security of principal as municipalities are custodians of public funds. To minimize the risk of loss, investments shall be subject to high credit quality, minimum credit ratings, and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed.

c) Liquidity Requirements

Liquidity is measured by the ease with which securities can be converted to cash to meet forecasted spending or operational cash flow requirements. The investments that are eligible under the Regulation possess different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity, by various types of investments and issuers, utilizing securities which trade in a reliable secondary market, and to the extent possible, the term of such investments may be staggered to meet unanticipated cash needs and/or financial obligations.

d) Rate of Return

The Municipality's investment approach will seek to maximize or achieve a competitive rate of return on eligible investments within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of the investment portfolio.

The Municipality's risk tolerance for investments made with MRI is low. The Municipality will employ an investment strategy that seeks to minimize risk by diversifying investment holdings amongst high credit quality securities by different issuers, across different sectors, and varying maturities to mitigate the impact of credit and interest rate risk. For example, eligible securities will have constraints to mitigate concentration risk by sector, issuer, and/or security.

The composition of the MRI portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this IPS to take advantage of market opportunities.

5.1.2 MRI: Eligible Investments

MRI may be invested in high quality Legal List Securities available from banks, dealers and other financial institutions permitted under the Regulation, Part I and compliant with MRI as defined by this IPS. Investments issued or guaranteed by approved institutions will be permitted by this IPS, as deemed eligible by the Regulation or as authorized by subsequent provincial regulations. Investments will be limited to securities maintaining a minimum credit rating by an appropriate credit rating agency in compliance with the Regulation.

The Investment Officer(s), with the approval of the Treasurer, is permitted to deviate +/- 5% from constraints to take advantage of evolving market conditions.

For an example of eligible MRI Investments under this IPS, refer to Appendix 1: Authorized Investments and Sector Guidelines.

5.1.3 MRI: Other Municipal Debt

Notwithstanding the Municipality's assertion that MRI consists of money that is needed to meet the short-term financial obligations of the Municipality coming due within three years, the municipality may periodically acquire and hold long-term debt securities issued by other Canadian municipalities with MRI. The purpose of these investments is to support the municipal sector and encourage viable municipal debt issuances in the capital markets.

Investments in Other Municipal Debt should be held to maturity unless otherwise approved by the Treasurer for disposal. All efforts should be made to balance maturities to manage duration risk and switch between issuers and/or credit ratings at disposition, unless sale proceeds are required for cash flow purposes.

The Region's portfolio holdings of Other Municipal Debt are not considered MNRI.

5.2 MNRI

The Municipality's MNRI is described in Section 3.1. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of MNRI, and the investments made therewith, subject to the constraints outlined in section 5.7 of this IPS.

MNRI managed by ONE JIB will be used to address the longer-term liabilities of the Municipality. Returns generated by investing MNRI will help to fund capital projects, preserve, and replace asset infrastructure, and to cover shortfalls in operating expenses. The risk tolerance for capital losses ranges between low to moderate, and risk needs to be balanced while achieving higher expected returns over a long-term investment horizon.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

5.2.1 MNRI: Investment Objectives

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of Capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,

- Macro risks, such as inflation, economic growth, and interest rates.

Investment of MNRI is managed by ONE JIB in a way that balances investment objectives, expected returns, and risk to develop asset allocations that achieve the Municipality's financial objectives within stated risk tolerances.

The Municipality has three distinct MNRI portfolios with different investment objectives, risk tolerances, and investment horizons as follows:

Outcome	Objective	Risk Tolerance*	Investment Horizon
Shorter-Term	-Preservation of capital; -High liquidity	Low risk (5% annual loss sensitivity)	3 – 5 years
Medium-Term	-Contributions toward capital projects, mitigating inflation impacts and meeting target funding requirements; -Liquidity	Low to moderate risk (7.5% annual loss sensitivity)	6 – 10 years
Long-Term	-Contributions toward capital projects, mitigating inflation impacts and meeting target funding requirements; -Emphasis on long-term inflation-adjusted growth	Moderate risk (10% annual loss sensitivity)	> 10 years

* Total equity exposure across all MNRI investments shall not exceed 40%.

The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Investment returns have an impact on revenues as well as a longer-term impact on future years' budgets. While at a minimum, returns are expected to keep pace with inflation, MNRI shall be invested with the primary objective of obtaining a rate of return consistent with each portfolio's overall risk and return profile. To the extent possible, investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

5.2.2 MNRI: Eligible Investments

Eligible investments for MNRI include any Pooled Fund or other collective investment vehicle or institutional investment management product approved or selected by ONE Investment for its OCIO Offering, provided always that the products and the selection

of products comply to the extent possible in all material respects with this IPS, with any non-compliance disclosed by the Sub-Investment Manager.

Additionally, nothing in this IPS prevents MNRI from being periodically held in cash and short-term money market instruments, including treasuries or overnight deposits.

5.2.3 MNRI: Ineligible Investments

Municipal Services Corporations (“MSCs”)

The ownership in Municipal Services Corporations (“MSCs”) established under section 203 of the Act, such as Durham OneNet, Inc., and any future facilities that the Municipality establishes for providing municipal services do not qualify as MNRI investments under the Regulation.

Durham Region Municipal Insurance Pool (“DMIP”)

The DMIP was established to protect the member municipalities, or subscribers, from increasing insurance premium costs. The DMIP provides an integrated insurance program which effectively combines the insurance and risk management requirements of the member municipalities into a single common “pool”.

Contributions to the pool are restricted for insurance purposes of its subscribers and do not qualify as MNRI.

Durham York Energy Centre (“DYEC”)

The DYEC Co-owners Agreement establishes terms to ensure clarity around the Region’s and The Regional Municipality of York’s shared obligations with respect to the operation of the waste management facility including site servicing and owner obligations and responsibilities with respect to the executed Project Agreement with Covanta.

The Region’s share of ownership in the DYEC does not qualify as MNRI.

York Durham Sewage System (“YDSS”)

Under the YDSS Co-Owners Agreement, York and Durham Regions share the cost of operating and maintaining the co-owned assets, and investment in new assets to service growth. An operating agreement outlines the roles and responsibilities for York Region and Durham Region (the Co-owners) and Durham Region (the Operator) of the York Durham Sewage System Primary System to ensure regulatory requirements are met.

The Region’s share of ownership in the YDSS does not qualify as MNRI.

5.3 MNRI: Sinking Funds

Sinking Funds established by the Municipality to retire sinking fund debentures as they become due are MNRI and may be managed separately by ONE JIB. Sinking Funds shall not be combined with other funds, and all investments, bank accounts, reporting and audits will be separate and distinct from other investments made with MNRI. For additional transparency, Sinking Fund investments will be tracked separately and require separate custodial accounts for each separate issuance of sinking fund debentures. In the case of the reopening of a particular sinking fund debenture issuance, the same custodial account used for the original sinking fund debenture issue shall be used for any subsequent reopening of the original sinking fund debentures.

Annual contributions will be based on the required return to retire outstanding sinking fund debentures at maturity. For effective asset-liability matching, the expected return, net of fees, of the relevant Sinking Fund should, at a minimum, keep pace with the required repayment of the principal of the underlying debt to avoid the need for additional contributions/possibility of annual deficits, preserve capital, and minimize volatility. The funded status (Market value of Assets less the Market value of Liabilities) will be reviewed annually by the Treasurer of the Municipality and the Municipality's auditor. Annual deficits experienced in each respective Sinking Fund must be funded within 12 months by the Municipality.

The Sinking Fund Portfolio shall be predominantly invested in fixed income securities rated A (low) or better by Dominion Bond Rating Service ("DBRS"), or equivalent credit rating per Appendix 3, to match the risk characteristics of the underlying debentures. Low risk, fixed income securities will be maintained for the portfolio to minimize volatility and the possibility of annual deficits. Total equity exposure in each Sinking Fund account comprising the Sinking Fund Portfolio shall not exceed 5%.

The Region will consider permitting additional asset classes in the Sinking Fund Portfolio through this IPS as its borrowing program matures.

ONE JIB and/or the Municipality must adhere to Section 409 of the Act and Section 4 of the Regulation when managing investments for the Sinking Fund Portfolio.

5.4 Restricted Special Assets

All assets, listed in Schedule A of this IPS and held by the Municipality on or after the Prudent Effective Date, are Restricted Special Assets, and shall *not* be held by ONE JIB as MNRI. At their discretion, the Treasurer may choose to liquidate these investments and determine that the proceeds are MNRI, to be invested as per this IPS and the approved ONE JIB Investment Plan.

Restricted Special Assets are not MNRI of the Municipality, and such assets are not under the control or management of ONE JIB.

5.4.1 Local Distribution Corporation (“LDCs”)

The direct investment in LDC shares and/or promissory notes, as may be applicable, acquired after the Prudent Effective Date, shall be excluded from MNRI. LDC shares and/or other LDC securities are separate standalone investments, with the subject matter expertise and administrative functions remaining under the purview of the Region. Council would control all acquisition and disposition decisions related to any future LDC assets and any voting related to LDC shares would be undertaken solely by the Municipality.

Any direct investment in LDC shares and/or promissory notes listed in Schedule A of this IPS, are Restricted Special Assets and shall not be held by ONE JIB as MNRI.

5.4.2 Durham Region (Own) Debt

Long-term debt securities issued and acquired by the Region at the time of their issuance, or Own Debt, shall be excluded from MNRI. As part of the Region’s overall debt strategy, debt securities issued by the Region with maturities over three years may be acquired from time to time and are considered long-term investments to be held to maturity.

Any Own Debt listed in Schedule A of this IPS, are Restricted Special Assets and shall not be held by ONE JIB as MNRI.

5.5 Third-Party Trust Funds and Designated Funds

In addition to the Municipality's own money, the Municipality is from time to time entrusted with Third-Party Trust Funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to Third-Party Trust Funds, the latter shall prevail.

For certainty, Third-Party Trust Funds and the Designated Funds listed in Schedule B are not MNRI of the Municipality, and such assets are not under the control or management of ONE JIB.

5.6 Investment Management

5.6.1 Investment Management of MRI

The investment of MRI shall be controlled and managed by the Treasurer in accordance with this IPS.

5.6.2 Investment Management of MNRI

The investment of MNRI shall be controlled and managed by ONE JIB in accordance with this IPS, the ONE JIB Agreement and the Investment Plan.

The selected Sub-Investment Manager shall enter into an agreement with ONE Investment related to the OCIO Offering, that complies with this IPS and Part II of the Regulation and will provide compliance and performance reports to ONE JIB and One Investment. ONE JIB shall make any investment management changes deemed in the best interest of the Municipality.

5.7 Investment Constraints

5.7.1 Environmental, Social and Governance (ESG) Investing

The Municipality supports ESG investing for MRI and MNRI. The Municipality believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

For the investment of MRI, the Municipality has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the MRI Investment Portfolio as and when appropriate to do so by incorporating the International Capital Market Association's ("ICMAs") Green, Social and Sustainability principles and guidelines.

For the investment of MNRI, ONE JIB is required to explore and consider how the OCIO is implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

5.7.2 Securities Lending

For investments made with MRI, the Municipality may engage in the practice of securities lending as provided in Section 418 of the Act to enhance returns on the custodial portfolio by lending certain securities to approved borrowers for a fee.

For the investment of MNRI, the Municipality may invest in pooled funds, and other investment funds that are managed by the Sub-Investment Manager who may engage in Securities Lending if the policies of the OCIO permit such an action.

5.7.3 Derivatives

Derivatives shall not be utilized for speculative purposes but as a risk management and mitigation tool to insure against or to protect investments against undesired market and credit risk exposure.

The Region may enter into Forward Rate Agreements (“FRAs”), to reduce the cost or risk associated with short-term investments due to fluctuations in interest rates in accordance with the applicable legislation.

For the investment of MNRI, futures and forwards contracts, options and other derivative instruments may only be used to (a) create an asset mix position that does not leverage the portfolio, (b) replicate the performance of a capital market index, or (c) reduce risk as part of a hedging strategy

5.7.4 Use of Leverage

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage should not be exercised for speculative purposes but may be used as a hedging tool.

5.7.5 Pooled Funds

Investments in open-ended pooled funds, closed-ended pooled funds, limited partnerships and other specialist corporate structures (e.g. LLCs), are permitted provided that the assets of such funds are permissible investments under this IPS.

The Sub-Investment Manager will observe the constraints identified in this IPS to the extent possible within pooled fund investments, however, where satisfying a constraint is not feasible, the Sub-Investment Manager’s policies will take precedence over this IPS.

Any non-compliant investments must be disclosed by the Sub-Investment Manager in a timely manner and alternative options such as substitute funds or custom portfolios will be considered.

5.7.6 Currency Hedging

The MRI Investment Portfolio will not utilize currency hedging.

The Municipality’s funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the MNRI Investment Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

5.7.7 Alternative Assets

The applicable legislation does not prevent the direct/ or indirect placement of MNRI in Alternative Assets, however, this IPS restricts investments in alternative investments for the purpose of management of MNRI under ONE JIB.

Alternative Assets, such as infrastructure or real estate, may have uncorrelated return characteristics with traditional asset classes that may improve diversification within the portfolio, which may lead to better risk adjusted returns. Typically, these investments may not be fully liquid and are only appropriate for inclusion in portfolios

with long-term investment horizons.

As the Region's Long-Term investment strategy evolves, Alternative Assets as defined in this IPS may be considered for inclusion in the portfolio to further enhance returns and protect against downside risk in future years.

5.7.8 Prohibited Investments

Currently, the Municipality does not have any prohibited investments beyond the constraints outlined in the Regulation, the Act, and this IPS.

5.8 Performance Monitoring, Rebalancing and Management

5.8.1 MRI

Performance benchmarks may vary from time to time, as decided by the Treasurer, subject to the investment constraints listed in the IPS.

5.8.2 MNRI

For the investment of MNRI, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the Investment Plan.

Investments in pooled funds are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7 below that shows the Municipality's holdings, confirms compliance with this IPS, and reports on the Sub-Investment Manager's performance.

6. ADMINISTRATIVE POLICIES

6.1 Flow of Money and Annual Municipal Budget

6.1.1 Transfer to ONE JIB as Part of Annual Review Process

As part of the Municipality's annual review process, the Municipality shall identify the amount, if any, of MNRI that it holds. Any MNRI not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

6.1.2 Transfer to Municipality as Part of Annual Review Process

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the MNRI then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be MRI and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

6.2 Flow of Money Otherwise than through the Budget Process

6.2.1 Surplus Funds

MRI captures revenues received by the Municipality each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer during the year shall be transferred to ONE JIB. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

6.2.2 Contingencies

The Treasurer is authorized to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the MNRI under the control and management of ONE JIB as at the date that the Municipality approved its budget for the current year (the Budgeted MNRI). In determining the Budgeted MNRI for purposes of calculating the 25% limit, any MNRI to be transferred to the control and management of ONE JIB in accordance with that year's annual review pursuant to Section 6.1.1 above shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded. ONE Investment should be made aware of material transactions in advance to ensure the orderly sale of securities to fund withdrawals.

6.3 Valuation of Investments

Investments shall be valued according to the values provided by the Custodian(s). For the investment of MNRI, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the Sub-Investment Manager to ONE Investment no less frequently than quarterly.

6.4 Voting Rights

The Sub-Investment Manager shall assume the responsibility of exercising voting rights in respect of the Municipality's MNRI and will report its voting policies to ONE JIB annually. The Municipality may access these policies at any time.

6.5 Internal Controls

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

6.6 Custodian

All municipal investments and assets of the investment portfolios may be held by a Custodian and any of the Custodian's sub-custodians or nominees. For MNRI, the Custodian shall be acceptable to ONE Investment. For MRI the Custodian shall be acceptable to the Municipality.

6.7 Reporting

6.7.1 MRI

For the investment of MRI, the Treasurer shall report at least annually to Council, the report to be in a form and contain such content as Council may request. The report to Council shall include investment performance during the period covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

6.7.2 MNRI

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of MNRI at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and

- Any other pertinent information in the opinion of the Treasurer.

All MNRI invested on behalf of the Municipality by ONE JIB shall be held for safekeeping in the name of the Municipality by a Custodian.

7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE

7.1 Revocation / Amendment of Previous Investment Policy

This IPS amends, and restates as so amended, the existing Investment Policy Statement approved by Council on April 24, 2024.

7.2 Modifications to the IPS

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of MRI and from ONE JIB with respect to the investment of MNRI.

Following Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

7.3 Effective Date

This IPS is approved as of May 28, 2025, and will be effective July 15, 2025. The Treasurer is directed to deliver a copy of this IPS to ONE JIB to assist in the management of MNRI.

Schedule A: Restricted Special Assets**Own Debt:**

Issuer	Cusip	Principal	Maturity
The Regional Municipality of Durham	26682CMM2	\$ 1,538,000.00	16-Oct-29
The Regional Municipality of Durham	26682CMN0	\$ 1,602,000.00	16-Oct-30
The Regional Municipality of Durham	26682CMP5	\$ 1,669,000.00	16-Oct-31
The Regional Municipality of Durham	26682CMQ3	\$ 1,740,000.00	16-Oct-32
The Regional Municipality of Durham	26682CMR1	\$ 1,814,000.00	16-Oct-33
The Regional Municipality of Durham	26682CTT0	\$ 1,500,000.00	05-Jul-38
The Regional Municipality of Durham	26682CTU7	\$ 1,571,000.00	05-Jul-39
The Regional Municipality of Durham	26682CTV5	\$ 1,647,000.00	05-Jul-40
The Regional Municipality of Durham	26682CTW3	\$ 1,726,000.00	05-Jul-41
	Total	\$ 14,807,000.00	

Schedule B: Third-Party Trust Funds and Designated Funds

Third-Party Trust Funds

Balance as at December 31, 2023:

1.	Fairview Lodge Trust	\$ 55,795.73
2.	Hillsdale Estates Trust	\$ 48,298.92
3.	Hillsdale Terraces Trust	\$ 46,113.03
4.	Lakeview Manor Trust	\$ 45,060.85
5.	Department of Social Services Trust	\$ 551,307.97

Designated Funds

Not Applicable

Appendix 1: Authorized Investments and Sector Guidelines

Security or Institution	Minimum Credit Rating	Money Market Rating	Maximum % of Portfolio ¹	Issuer % Limit ¹
Government of Canada Debt ²	n/a	n/a	100%	n/a
Provincial Government Debt ³	A (low)	n/a	75%	25%
Region of Durham Debt	n/a	n/a	25%	25%
Other Canadian Municipal Debt ⁴	A (low)	n/a	30%	10%
Applied Arts, Housing Corporations, Education & Hospitals	AAA	n/a	15%	5%
Other Country Debt	AAA	n/a	10%	5%
Supranational Debt	AAA	n/a	10%	5%
Canadian Corporate Debt	A (low)	n/a	25%	5%
Schedule I Banks ^{5,6,7}	A (low)	R-1 (low)	50%	25%
Schedule II Banks ^{5,6,7}	A (low)	R-1 (mid)	10%	5%
Schedule III Banks ^{5,6,7}	A (low)	R-1 (mid)	5%	2%
Loan or Trust Corporations ^{5,6,7}	A (low)	R-1 (mid)	10%	5%
Credit Unions ^{5,6,7}	n/a	n/a	10%	5%
Asset Backed Securities (< 1 year) ⁹	n/a	R-1 (high)	10%	10%
Asset Backed Securities (> 1 year) ⁹	AAA	n/a	10%	10%
Commercial Paper (< 1 year) ⁹	n/a	R-1 (mid)	10%	10%
ONE Investment High Interest Savings Account ⁷	n/a	n/a	10%	10%
ONE Investment 'Other' ¹⁰	n/a	n/a	10%	5%

Notes:

1 - e.g. Other Canadian Municipal Debt maximum share of the total par value of the portfolio is 30%, and no individual municipality can exceed 10% of the Portfolio.

2 - Includes Agents of the crown, such as Export Development Canada and Canada Housing Trust.

3 - Includes Agents of the crown corporations of provinces where debt is fully guaranteed by the province

4 - Includes BC Municipal Financing Authority, School Boards, Local Boards, & Conservation authorities.

5 - Applies to Debt or Deposit securities, subject to the requirements of the Regulation

6 - Debt securities issued by Schedule I, II and III banks and Loan or Trust Corporations under 2 years must be rated AA (low).

7 - Aggregate exposure of the total portfolio par value cannot exceed 50%.

8 - Where total Deposit securities exceed \$250,000, additional Deposit securities maturing beyond 2 years must satisfy the financial indicators prescribed in O. Reg. 438/97. All Debt securities must satisfy the financial indicators prescribed in O. Reg. 438/97.

9 - Investment in these securities is contingent upon the Region maintaining a credit rating at or above AA (low).

10 - ONE Investment 'Other' includes the Canadian Government Bond, & Canadian Corporate Bond portfolios or any other new investment products developed and offered by ONE Investment.

The purchase of eligible securities under Part I of the Regulation not identified above and/or denominated in a foreign currency requires prior approval from the Treasurer.

Appendix 2: Short-Term Portfolio Term Constraints

Term Limitation*	Percentage	
	Minimum	Maximum
Less than 1 year	25%	100%
1 year - 2 year	0%	50%
2 year - 3 year	0%	50%

*excludes Restricted Special Assets and/or Other Municipal Debt

Appendix 3: Credit Ratings

- Part I of the Regulation specifies that certain eligible securities must have a minimum credit rating provided by: Dominion Bond Rating Service (“DBRS”), Moody’s, Standard and Poor’s (“S&P”) or Fitch Ratings. A summary is provided in Table 2 below.
- Credit ratings for securities held in the Region’s Investment Portfolio will be monitored and, for instruments falling below approved credit qualities (listed in Table 1), disposed of, in accordance with the internal control procedures established in this Policy and the requirements of the Regulation.

Credit Rating Guide*

Credit Quality	DBRS		Moody's		Standard & Poor's		Fitch	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Superior	AAA	R-1 (high)	Aaa	P-1	AAA	A-1+	AAA	F1+
	AA (high)	R-1 (high)	Aa1	P-1	AA+	A-1+	AA+	F1+
	AA	R-1 (mid)	Aa2	P-1	AA	A-1+	AA	F1+
	AA (low)	R-1 (mid)	Aa3	P-1	AA-	A-1+	AA-	F1+
Good	A (high)	R-1 (low)	A1	P-1	A+	A-1	A+	F1
	A	R-1 (low)	A2	P-1	A	A-1	A	F1
	A (low)	R-1 (low)	A3	P-2	A-	A-2	A-	F2
Adequate	BBB (high)	R-2 (high)	Baa1	P-2	BBB+	A-2	BBB+	F2
	BBB	R-2 (mid)	Baa2	P-2	BBB	A-3	BBB	F3
	BBB (low)	R-2 (low)	Baa3	P-3	BBB-	A-3	BBB-	F3
Speculative	BB (high)	R-3 (high)	Ba1	Not Prime	BB+	B	BB+	B
	BB	R-3 (high)	Ba2	Not Prime	BB	B	BB	B
	BB (low)	R-3 (high)	Ba3	Not Prime	BB-	B	BB-	B
Highly Speculative	B (high)	R-3 (mid)	B1	Not Prime	B+	B	B+	B
	B	R-3 (mid)	B2	Not Prime	B	B	B	B
	B (low)	R-3 (low)	B3	Not Prime	B-	B	B-	B
	CCC	R-3 (low)	Caa	Not Prime	CCC	C	CCC	C

* Credit rating scales for bond rating agencies may change over time.

Appendix A: Summary of Material IPS Changes

Overall

- References to “portfolio manager” have been changed to Sub-Investment Manager, to reflect the change to the OCIO. Other language has been added/changed which relates to the OCIO Offering.
- The term “Long-Term Money” has been changed to “MNRI”, and the term “Short-Term Money” has been changed to “MRI”.
- The municipal definition of MNRI does not need to be time-based.

Section 1 – Definitions

- Definitions Added
 - Alternative Assets
 - CHUMS
 - Designated Funds
 - Diversification
 - Liquidity
 - Local Authority Services (LAS)
 - Market Value
 - Maturity
 - Municipal Services Corporation (MSC)
 - OCIO Offering
 - ONE Investment
 - Prudent Effective Date Agreement
 - Rebalancing
 - Restricted Special Assets
 - Safekeeping
 - Sub-Investment Manager
 - Third-Party Trust Funds
 - Trust Fund
- Definitions Removed, these terms are not used in the IPS document.
 - Modern Portfolio Theory
 - Outcome
 - ONE JIB’s Outcome Framework

Section 2 – Purpose and Legislative Framework

- Restricted Special Assets are listed in Schedule A, and Third-Party Trust Funds and Designated Funds are listed in Schedule B; ONE JIB is not responsible for the investment activities or performance of Third-Party Trust Funds, Designated Funds or Restricted Special Assets.

Section 4 – Roles and Responsibilities

- Changes reflect new terms and Restricted Special Assets

Section 5 – Investment

- Overall terminology (as referenced above) has been changed
- Section 5.1.3, Other Municipal Bonds classified as MRI
- Section 5.2.1, Risk Tolerance language changed from maximum losses to loss sensitivity
- Section 5.2.2, MNRI: Ineligible Securities has been added
- Section 5.4, new section on Restricted Special Assets, which states the assets listed in Schedule A of the IPS, and held by the municipality as of the prudent effective date shall not be held by ONE JIB as MNRI.
- Section 5.7.2, optional wording has been provided for MRI
- Section 5.7.3, wording has been updated for the OCIO in the Derivatives section
- Section 5.7.4, wording has been updated for the OCIO in the Use of Leverage section
- Section 5.7.5, wording has been updated for the OCIO in the Pooled Funds section
- Section 5.7.7, a new section on Alternative Asset Classes has been added, going forward a municipality will need to opt into this type of investment. Opting in, does not automatically mean it will be part of the Investment Plan. Based on the Municipality's investment horizon and risk tolerance, ONE JIB would have the option to approve or exclude this type of investment.

Section 6 – Administrative Policies

- Changes reflect new terms



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-6
Date: May 13, 2025

Subject:

Recommended New Water Rate for a 305-mm (12 inch) Water Meter

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the following new 2025 water rates be adopted for a 305-mm (12 inch) water meter:
- i) Service Charge - \$5,396.18 per month
 - ii) Minimum Bill - \$6,403.00 per month; and
- B) That the Regional Solicitor be instructed to prepare the necessary by-law to implement this recommendation.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to seek Regional Council's approval of a 2025 water rate for a 305-mm (12 inch) water meter which is projected to be installed this year.

2. Background

- 2.1 The Water Supply and Sanitary Sewer User Rate Study is prepared annually to establish water supply and sanitary sewer user rates for the following year.
- 2.2 Following Council's approval of the 2025 Water Supply and Sanitary Sewer User Rate Study ([Report #2024-COW-55](#)), the need for a water service charge and water minimum bill rate for a 305-mm (12 inch) water meter was identified.

3. Previous Reports and Decisions

- 3.1 On December 18, 2024, Regional Council approved the 2025 Water Supply and Sanitary Sewer User Rates ([Report #2024-COW-55](#)).

4. Recommended Water User Rates for a 305-mm (12 inch) Water Meter

- 4.1 Regional water customers are billed consumption charges based on the actual amount of water used as registered on a Regional water meter and monthly service charges which are based on a customer's water meter size. The water service charge recovers the costs of providing water services that are not dependent on the volume of water used and include the cost of:
- a. the initial installation, ongoing maintenance and repair and replacement of water meters;
 - b. maintaining water service pipes on public property;
 - c. providing fire protection capacity in the water system including larger mains, hydrants, and water storage; and
 - d. customer service, billing and collection activities.
- 4.2 The 2025 approved water user rate schedule includes water service charges for meters ranging in size from a standard meter, used by typical residential and small commercial customers, at \$22.81 per month up to a 254-mm (10-inch) water meter at \$3,840.55 per month. The 254-mm (10 inch) water meter was the largest meter installed in the Region at the beginning of 2025.
- 4.3 The size of the meter is measured by the internal diameter of the pipe installed to supply the customer and is determined based on individual customer water demand characteristics.
- 4.4 Based on projected demands of a Regional water customer, the Region will be installing a new larger 305-mm (12 inch) water meter in 2025. To facilitate billing for this new larger water meter, the following new 2025 water rates are recommended:
- a. 305-mm (12 inch) water meter:
 - Service Charge - \$5,396.18 per month
 - Minimum Bill - \$6,403.00 per month
- 4.5 The sanitary sewer rates are not affected as sewer rates do not vary by meter size.

5. Relationship to Strategic Plan

5.1 This report aligns with/addresses the following Strategic Directions and Pathways in Durham Region's 2025-2035 Strategic Plan:

a. Resilient Local Economies

- R1. Attract and retain quality employers that strengthen key economic sectors, including energy and technology.

b. Strong Relationships

- S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.

5.2 This report aligns with/addresses the following Foundation in Durham Region's 2025-2035 Strategic Plan:

a. Processes: Continuously improving processes to ensure we are responsive to community needs.

6. Conclusion

6.1 Based on projected demands of a Regional water customer, the Region will be installing a new larger 305-mm (12 inch) water meter in 2025. To facilitate billing for this new larger water meter, the following new 2025 water rates are recommended:

a. 305-mm (12 inch) water meter:

- Service Charge - \$5,396.18 per month
- Minimum Bill - \$6,403.00 per month

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-7
Date: May 13, 2025

Subject:

Medium and High-Density Residential Development Charge Deferral Program

Recommendation:

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

- A) A Medium and High-Density Residential Regional Development Charge Deferral Program be implemented for the 2025 construction season to provide immediate relief for medium and high-density developments (i.e. high-rise condominiums, townhouses and plexes) to ensure Durham Region continues to supply much needed higher density housing opportunities during these economic uncertain times, subject to the following conditions:
- i) The applicable development charges owed under the Region's Residential and Non-residential Development Charges By-law No. 42-2023, Transit Development Charges By-law No. 39-2022 and GO Transit Development Charges By-law No. 86-2001 for high-rise condominium, townhouse condominium and plex developments that meet the "apartment building", "plex" or "townhouse building" definitions in the by-laws (excluding any purpose built rental and non-profit developments, which already benefit from statutory deferrals and exemptions, respectively) be deferred from building permit until first occupancy at the option of the applicant;
 - ii) The applicable development charges owed under the Region's Residential and Non-residential Development Charges By-law No. 42-2023, Transit Development Charges By-law No. 39-2022 and GO Transit Development Charges By-law No. 86-2001 for townhouse developments approved through a plan of subdivision (e.g. freehold townhouses) have the option to defer payment of hard services DCs at subdivision agreement execution until building permit.
 - iii) That full payment for the residential medium and high-density developments that qualify for the deferral be due at first occupancy (excluding freehold townhouse

developments), with a security provided to the Region at building permit issuance and any default of the deferral payment being subject to an interest rate of 2.6 per cent that accrues from building permit issuance until payment.

- iv) That full payment for the freehold townhouse developments approved through a plan of subdivision that qualify for the deferral be due at building permit issuance for each unit;
 - v) That default provisions apply if deferral payments become overdue;
 - vi) That applicants electing to use the deferral program enter into a deferral agreement with the Region; and,
 - vii) That other such terms and conditions as deemed appropriate by the Commissioner of Finance be included;
- B) That the Medium and High-Density Residential Development Charge Deferral Program be available to building permit applications for residential developments as set out in Recommendation A) that are submitted on or after the date of Council approval of this report, until December 31, 2025;
- C) That Regional staff submit a report to Regional Council in December 2025 with a review of the uptake of the Medium and High-Density Residential Development Charge Deferral Program to-date;
- D) That the Commissioner of Finance be authorized to enter into deferral agreements for purposes of the Medium and High-Density Residential Development Charge Deferral Program, subject to the conditions set out in Recommendation A) and any additional conditions deemed appropriate by the Commissioner of Finance, and to the satisfaction of the Regional Solicitor; and
- E) That the Provincial Minister of Municipal Affairs and Housing, be advised of the Region of Durham's interest in working to modernize the Development Charges Act and related regulations to ensure that growth related municipal infrastructure, including water, sewer, transit and roads, is appropriately funded by that growth balanced with a recognition that i) growth may benefit existing development through the provision of more accessible and efficient services to the entire community, and ii) recognizing that new development that has occurred over the past three decades has already paid development charges, this existing development should not have to contribute again to the cost of future growth.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to establish a Regional Medium and High-Density Residential Development Charge Deferral Program for higher density

developments (i.e. high-rise condominiums, townhouses and plexes) in Durham Region in response to the threat of new tariffs and heightened economic uncertainty.

2. Background

- 2.1 The uncertain economic climate from ongoing Canada-US tariff discussions has significantly affected the housing market. A recent CMHC report suggests that housing starts in the GTA will decline this year, driven by a drop in the condominium segment. In Durham Region, the high-rise condo, condo townhouse, and townhouse market provides key housing solutions for increasing the rental stock and opportunities for first time home buyers. Developers are seeking temporary deferral of the payment of Regional DCs with the posting of securities for the 2025 construction season. To address this, regional staff are seeking to implement a DC deferral program for medium and high-density residential development.
- 2.2 Development Charges (DCs) are fees imposed by municipalities on new developments to recover the costs of infrastructure and services necessitated by growth. These charges ensure that growth-related capital expenses, such as roads, water treatment, sewage systems, police and paramedic stations are funded by those who benefit from the new developments, rather than existing taxpayers.
- 2.3 The Region currently collects residential DCs for water supply, sanitary sewer, roads, Regional Transit, and other soft services under the Region's Residential and Non-residential Development Charges By-law No. 42-2023, the Region's Transit Development Charges By-law No. 39-2022 and the Region's GO Transit Development Charges By-law No. 86-2001 ("Region's DC By-laws").
- 2.4 On February 4, 2025, the President of the United States of America announced that a 25 percent tariff would be imposed on most Canadian goods, which came into effect on March 4, 2025. Select sectors were granted a 30-day pause on tariff implementation, but the ongoing threats and consideration of a reciprocal response from Canada led to considerable economic uncertainty.
- 2.5 In anticipation of the tariff announcement, the Regional Chair and the Mayors of the Area Municipalities in Durham Region released a statement on February 3, 2025, that stated, "we align to stand up for our people and businesses" and that "we must safeguard and support the businesses that are the backbone of our local economy and community". Over the past two months Durham, area municipalities, boards of trade and chambers of commerce, and post-secondary institutions are working collaboratively on the Durham Economic Task Force (DETF) to share information and coordinate a response to the business community. Durham has also been actively engaged with development associations on the topic of DCs and initiatives in place to address market needs.

- 2.6 Seeking opportunities to support expansion and growth of companies in Durham Region, as well as evaluating opportunities to provide financial relief to businesses seeking growth or expansion in Durham Region amidst the current uncertain economic climate, Regional Council approved a Development Charge Deferral Program for Industrial development on March 26, 2025, which allows the payment of Regional DCs on industrial developments over a five-year period in installments with interest.
- 2.7 Although, at the time of this writing, Canada largely escaped the on-again off-again reciprocal tariffs that the US levied on the world on April 2, 2025, tariffs on several goods – including non-compliant CUSMA (Canada – United States – Mexico Agreement) goods, steel and aluminum, that were imposed in March 2025, remain in place.
- 2.8 There have been ongoing conversations between Regional staff and the Building Industry and Land Development Association (BILD) and the Durham Region Home Builders Association (DRHBA) regarding the slowdown of the local housing industry and potential avenues for Regional support.
3. **Existing Treatment of residential condominium and freehold townhouse developments under the DC Act and Region's DC By-laws**
 - 3.1 Development Charges for residential medium and high-density developments (i.e. high-rise condominiums, condominium townhouses and plexes) are typically paid at building permit issuance.
 - 3.2 The water, sewer and roads component of the DCs for freehold townhouses that are part of a subdivision agreement are payable upon the owner entering into a subdivision agreement with the Region. There is also an option to pay those DCs in two installments: 50% upon signing the subdivision agreement, and 50% on the first anniversary of the agreement, or at building permit issuance, whichever is sooner.
 - 3.3 Developments that meet the definition of "apartment building" and pay the "apartment" DC rate in the Regional residential DC by-laws (e.g. high-rise condominium and stacked townhouses developments) shall qualify for the deferral program. Durham's Regional DC rate schedules include two DC rates for apartment dwellings; one rate for units with one bedroom or less, and another for units with two or more bedrooms.
 - 3.4 Developments that meet the definition of "townhouse building" or "plexes" that pay the "medium density multiples" DC rate shall qualify for the deferral program.
 - 3.5 Development of purpose-built rental housing and non-profit housing are already subject to statutory deferrals and discounts under the Development Charges Act, 1997 ("DC Act"). Therefore, these developments will not be subject to the Medium and High-Density Residential DC Deferral Program.

- 3.6 The Region collects DCs for residential developments in Seaton based on rates outlined under the Seaton Area Specific DC By-law No. 2024-029 but collection is linked to DC credit arrangements under a Front Ending Agreement. It is proposed that the Residential DC Deferral Program not apply to DCs under the Seaton Area Specific DC By-law since most of these charges have already been paid through the construction of services.

4. Legislative Options for the Creation of a Development Charge Deferral Collection Program

- 4.1 Section 27 of the DC Act allows municipalities to enter into agreements that allow for an applicant to pay the applicable DC before or after it would otherwise be payable.
- 4.2 Any agreement made under Section 27 of the DC Act allows the municipality to charge interest, at a rate stipulated in the agreement, on that part of the development charge paid after it would otherwise be payable.
- 4.3 The advantage of using Section 27 deferral agreements as part of the Region's Medium and High-Density Residential DC Deferral Program is that it will not require an amendment to the Region's DC By-laws. The DC Act requires a lengthy public process for any amendments to a DC by-law and it is generally understood that immediate relief is required by the higher density residential development market and that deferring DC payments better aligns the payment of DCs to these developers' cashflow generation. If the deferral program was incorporated into the Region's DC By-laws through an amendment, then any future changes to the program (including the decision to end the program at some unknown point in the future) would require a further amendment to the DC By-laws which would trigger another public process to pass such an amendment.
- 4.4 Currently Regional Council approval is required for the Region to enter into a Section 27 deferral agreement for late payments of DCs. It is recommended that authorization be provided to the Commissioner of Finance to execute residential DC deferral agreements, as outlined under Section 27 of the DC Act with developers for applicable residential DCs.

5. Medium and High-Density Residential DC Deferral Program Details

- 5.1 As evidenced in the Toronto Regional Real Estate Board March 2025 MLS Home Price Index Report, for Durham Region and much of the GTA, there is an inverse relationship between dwelling density and price, with average prices increasing as density decreases. This suggests that higher density dwellings, such as condos and townhouses, are more attainable for first time homebuyers due to their lower average price point. Additionally, higher density developments encourage efficient use of land and resources available to service that land, such as transit.

- 5.2 It is recommended that the applicable development charges under the Region's Residential and Non-residential Development Charges By-law No. 42-2023, Transit Development Charges By-law No. 39-2022, and GO Transit Development Charges By-law No. 86-2001 for qualifying medium and high density residential developments be deferred from the building permit until first occupancy at the applicant's option, with water, sewer and roads component of the DCs for town houses that are developed as a part of a plan of subdivision agreement (e.g. freehold residential townhouse developments) recommended to be deferred from the execution of the subdivision agreement until the building permit issuance for each unit at the applicant's option.
- 5.3 As outlined in section 3.5 above, purpose built rental high-rise developments already qualify for the five-year deferral of DCs under the DC Act, so are not within scope of this program.
- 5.4 The program would commence upon Regional Council approval of this report and be applicable up to December 31, 2025.
- 5.5 The Medium and High-Density Residential DC Deferral Program will not be mandatory. If an Applicant elects to use the Medium and High-Density Residential DC Deferral Program, the Applicant would be required to enter into a deferral agreement subject to the following terms:
- a. The total amount of a development charge payable is the amount of the development charge that would otherwise be required under the Region's DC By-laws.
 - b. Deferral of residential DCs for qualifying medium and high-density developments will be from building permit issuance until first occupancy, when DCs owed will be due in full.
 - c. Deferral of townhouse developments approved through a plan of subdivision (e.g. freehold townhouse developments), the water, sewer and roads component of the DCs will be from the execution of subdivision agreement until building permit issuance, when DCs owed will be due in full.
 - d. A security in the form of a Letter of Credit (LC) or Surety Bond for the full amount owing will be provided to the Region prior to building permit issuance for qualifying medium and high-density development projects (excluding developments approved through a plan of subdivision).
 - e. Any late payment, over 90 days and with at least two notices to the last known contact, would deem the agreement in default and the Region would draw upon the security provided at building permit for the amount unpaid, and interest owed to the Region would be recovered by adding the interest amount to the property tax roll for collection pursuant to the DC Act.
 - f. Interest rates on the deferral payments are to be set at 2.6 per cent for the qualifying medium and high-density developments (excluding freehold townhouse developments approved through a plan of subdivision), which is the current rate of interest earnings on Regional Development Charge Reserve Funds, from building permit issuance to occupancy.

- 5.6 Developers can request the deferral when entering into the standard subdivision or servicing agreement with the Region for their development project or when applying for a building permit in cases where such an agreement is not required. As noted above, a separate deferral agreement will be required to qualify for the DC deferral.
- 5.7 If a building permit is required prior to the full execution of the deferral agreement, then the program would require the DCs to be paid in full.
- 5.8 Regional Staff will continue to work collaboratively with staff from area municipalities to track deferrals to occupancy and ensure alignment throughout the process.
- 5.9 The Treasurer will report to Regional Council in December 2025, with a review of the Medium and High-Density Residential DC Deferral Program to-date, including a summary of the number of applications received, and recommendations whether to renew the program.

6. Financial Implications

- 6.1 Under a deferral program that allows for DC collection for medium and high-density developments at occupancy and freehold townhouse developments at building permit issuance, the Region would be required to finance the cost of servicing that is completed in advance of DC collection.
- 6.2 The average annual DC collection over the previous ten years is approximately 4,000 units. It is estimated that on average, approximately 1,400 units would be required to pay at building permit issuance (i.e. includes condominium units and purpose-built rental units). It is estimated that roughly half have been purpose built rental (which are excluded from the analysis as purpose built rental units already qualify for a DC deferral as per the DC Act), meaning about 700 units per year are condominium units that would be in scope for this agreement. Using recent Regional historical averages, this would translate to about \$18 million in condo DCs for the remainder of 2025 that would be deferred out at least two years (time from building permit to occupancy varies with every development but is typically at least two years).
- 6.3 Utilizing 4,000 units as the annual average DC receipts for a given year, it is estimated that roughly 1,000 are medium density units (i.e. freehold townhouse units) that would be deferred from execution of subdivision agreement to first building permit issuance. This translates to about \$45 million in deferred DC revenue for the remainder of 2025.
- 6.4 The deferrals estimates outlined in 6.2 and 6.3 would lead to the Region increasing short-term borrowing to cover the revenue shortfalls, which could lead to additional financing costs for the Region in instances where the cost of

borrowing exceeds the interest the Region is charging on the deferred payment. Using recent market-based borrowing rates, the recommended higher density residential DC deferrals for 2025 could potentially cost the Region over \$250,000 in financing costs. It is important to note that this analysis is based on historical averages and that the composition of development can vary from year to year, which could impact the actual financial impact to the Region.

7. Previous Reports and Decisions

- 7.1 Report No. 2025-COW-16: Industrial Development Charge Deferral Program (<https://www.durham.ca/en/resources/2025-COW-16---Deferral-Program-for-Regional-Industrial-Development-Charges.pdf>)

8. Relationship to Strategic Plan

- 8.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:
- a. Connected and Vibrant Communities
 - C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
 - b. Resilient Local Economies
 - R1. Attract and retain quality employers that strengthen key economic sectors, including energy and technology.
 - R2. Support the growth of new business startups and small to medium local businesses.
 - R3. Develop, attract, and support a skilled and qualified workforce, including youth and newcomers.
- 8.2 This report aligns with/addresses the following Foundation(s) in Durham Region's 2025-2035 Strategic Plan:
- a. People: Making the Region of Durham a great place to work, attracting, and retaining talent.
 - b. Processes: Continuously improving processes to ensure we are responsive to community needs.
- ## **9. Conclusion**
- 9.1 It is recommended that the Commissioner of Finance be authorized to implement a temporary Medium and High-Density Residential DC Deferral Program for development charges under the Region DC By-laws (Nos. 42-2023, 39-2022 and 86-2001) for projects submitted on or after the date of Council approval until December 31, 2025.

- 9.2 It is recommended that the Provincial Minister of Municipal Affairs and Housing be advised of the Region of Durham's interest in modernizing the Development Charges Act and related regulations to ensure that growth related municipal infrastructure is appropriately funded while promoting the need for new more modest housing construction.
- 9.3 Regional staff will continue dialogue with BILD and DRHBA and provide further recommendations and updates to Council as appropriate.
- 9.4 This report has been reviewed by the Commissioners of Work and Community Growth and Economic Development and the Regional Solicitor and Director of Legal Services.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance & Administration Committee
From: Commissioner of Finance
Report: #2025-F-8
Date: May 13, 2025

Subject:

Wind Down of the Regional Revitalization Program and Rescinding the Redundant Pickering Casino Reserve Fund By-law

Recommendation:

That the Finance & Administration Committee recommends to Regional Council:

- A) That the Regional Revitalization Program (RRP) be cancelled with no new applications being considered, and any existing approved projects continue to receive the committed payments in accordance with the milestones set out in the executed project agreements, as the enabling legislative mechanism that the Region relied upon to provide financial assistance to third party redevelopment projects is no longer legally available to the Region following the changes to the Region's role in land-use planning through Bill 23 – the More Homes Built Faster Act, 2022, wherein the Region is now an "upper-tier municipality without planning responsibilities," and that after almost twenty years, the original intent of the RRP has been primarily achieved;
- B) That the Regional Revitalization Reserve Fund be dissolved and one-time funding from the current uncommitted balance of the Regional Revitalization Reserve Fund be allocated to the following initiatives:
 - i) \$1 million be transferred to tariff response related economic development initiatives planned for 2025 that address local economic impacts on small businesses in Durham caused by the tariff dispute primarily between Canada and the United States;
 - ii) \$0.912 million be transferred to the Economic Development Reserve Fund for future economic development and tourism related uses intended to grow downtown vibrancy and economic prosperity across the Region; and,
 - iii) The balance of Reserve Fund, estimated at \$10 million, be allocated for critical housing capital repairs and corresponding building condition assessments (BCAs) for external legacy third-party community housing providers, as identified through the Region's Housing and Homelessness Service and Financing Strategy (2025 – 2034);

- C) That the Regional Revitalization Reserve Fund be automatically repealed upon all existing commitments being settled through existing executed contribution agreements with local municipalities.
 - D) That any future increased property tax revenue generated from projects that have been approved under the RRP be redirected from the Regional Revitalization Reserve Fund to the General Levy revenues to assist with budgetary pressures; and,
 - E) That By-law 11-2023, the by-law governing the Pickering Casino Revenues reserve fund, be repealed since the current balance in the reserve fund is zero and the reserve fund is not required, as the Region's share of funding from the Reserve Fund is being treated as flow through funding to support housing and homelessness initiatives through the Corporate Items budget in the Annual Business Plans and Budgets.
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Report:

1. Purpose

- 1.1 The purpose of this report is to highlight the past successes of the Regional Revitalization Program (RRP) and to advise of the need to discontinue the program, as the program has lost its legislative mechanism to flow funds under the Planning Act. The RRP has broadly served its purpose of redeveloping key areas within the Region, including downtowns, through Regional support of projects demonstrating both financial needs related to redevelopment and positive revitalization benefits to Durham's communities. Market demand has generally been established and while financial support is still sought, it is no longer a determining factor in a project proceeding.
- 1.2 It is also recommended that the Region continue to honour existing RRP commitments through its existing executed contribution agreements with local municipalities.

2. Background

- 2.1 Regional Council established the RRP on October 8, 2008 (refer to Report #2008-J-37) for a term of five years. The RRP was renewed indefinitely by Regional Council on March 5, 2014 (refer to Report #2014-J-10).
- 2.2 The RRP is a partnership between the Region of Durham and participating area municipalities and aims to strategically target Regional investment towards key areas that advance the goals of the former Regional Official Plan¹ and achieve positive economic and community objectives and support development that would not otherwise proceed without municipal financial assistance.

¹ Pursuant to Bill 23, as of January 1, 2025, implementation of the Regional Official Plan (Consolidation December 13, 2024) has become the responsibility of Durham's eight area municipalities. Each area municipality may repeal or amend it.

2.3 For a summary of key elements of the RRP, refer to Attachment #1.

3. Previous Reports and Decisions

3.1 Report #2008-J-37: Proposed Regional Revitalisation Program, File: D24-02

3.2 Report #2014-J-10: Continuation of the Regional Revitalization Program

3.3 Report #2023-F-6: Memorandum of Understanding for the Sharing of the Pickering Casino Revenue

3.4 Report #2025-COW-14: Housing and Homelessness Service and Financing Strategy (2025 – 2034)

4. Successes from the Regional Revitalization Program

4.1 The Region plays a key role in the revitalization of downtowns. In addition to providing critical infrastructure, like transit, roads, water and wastewater to support intensification and growth, the Region has also provided financial or in-kind support to signature redevelopment projects through participation in area municipal CIPs

4.2 In May 2003, the Region of Durham established a pilot program to assist area municipalities in offsetting expenditures incurred in the revitalization of Main Central Areas (MCAs) located in CIPs (refer to Report #2003-J-15).

4.3 Under this Program, the Region committed \$250,000 to the City of Oshawa in 2003 for the redevelopment of the former Bond Towers office building (located at 44 Bond Street West and 50 Bond Street West) into residential condominium units known as Parkwood Residences by Atria Developments.

4.4 The RRP was implemented in 2008. The RRP was designed to ensure a focused approach for Regional participation in local CIPs; recognizing the higher risk associated with the redevelopment of downtown areas, while ensuring effective use of Regional resources that are limited relative to larger overall needs of the Region's eight area municipalities.

4.4 The RRP has been effective. Evaluation of eligible projects have been conducted on a case-by-case basis that ensures any Regional investment is targeted towards projects that demonstrate municipal financial need.

4.5 Since the program's inception in 2008, Regional Council has approved thirteen projects through the RRP, with assistance amounting to \$19.0 million in the municipalities of Ajax (1 project, \$1.5 million, \$3.5 million in kind works), Oshawa (8 projects, \$12.8 million), Uxbridge (2 projects, \$329,730) and Whitby (2 projects, \$925,580). Please refer to Attachment #2 for a list of approved projects under the RRP.

5. Provincial Legislation and Recent Changes Impacting the Region

- 5.1 The legislative mechanism that the Region relied upon to provide financial incentives to area municipalities was made possible through an amendment to the *Planning Act* in 2006 and subsequent inclusion of enabling policies into the Region's Official Plan (ROP) in 2008.
- 5.2 On October 19, 2006, the *Planning Act*, was amended to give upper-tier municipalities (i.e. the Region) the authority to participate in area municipal CIPs by providing grants or loans to the area municipalities.
- 5.3 For the Region to exercise this authority, the *Planning Act* required that policies relating to community improvement be included in the ROP.
- 5.4 On June 20, 2007, Regional Council authorized the initiation of an amendment to the ROP to introduce policies addressing the Region's involvement in community improvement initiatives. The amendment was adopted in 2008.
- 5.5 Recently, the Region of Durham's role in land-use planning changed significantly with the introduction of Bill 23 – the More Homes Built Faster Act, 2022. Effective January 1, 2025, the Region became an "upper-tier municipality without planning responsibilities," meaning in addition to the Region not having responsibility to approve applications under the Planning Act, the Regional Official Plan is now implemented by the area municipalities, and they can appeal or amend it until such time as they complete their next official plan review. As the ROP is no longer implemented by the Region, the Region cannot legally rely upon the *Planning Act*, and the policies contained within the ROP for authority to provide Regional financial assistance to redevelopment projects through area municipal CIPs.

6. Current Financial Challenge is Community Housing Provider Capital Needs

- 6.1 In its provincially legislated role as Service System Manager, the Region funds and administers the community housing system in Durham. Community housing provides almost 30 per cent of the rental housing supply in Durham and most of the affordable rental supply.
- 6.2 There are approximately 6,000 community housing units across Durham, and roughly 4,400 of those units are Rent-Geared-to-Income.
- 6.3 The majority of community housing stock is aged and in need of urgent capital repair. It is critical to maintain current stock before it reaches a state beyond repair that requires immediate redevelopment. The cost for capital repair work continues to increase and rental revenue increases are not able to keep pace. This, along with aging critical infrastructure reaching end of life (elevators, roofs, windows, etc.) is putting considerable strain on limited capital reserves across the sector. It is also challenging to make improvements in areas of energy efficiency, accessibility and in-suite cooling when there is an urgent need to address these critical systems.

- 6.4 According to the Housing and Homelessness Service and Financing Strategy (2025 – 2034) (refer to Report #2025-COW-14), it is estimated that approximately \$30 million annually is needed to maintain community housing assets in an optimal state of good repair. Collectively, community housing provider reserves for capital projects hold less than half of this amount.
- 6.5 It is also important to facilitate regular BCAs to ensure proper monitoring of building conditions across the sector and provide planning support for providers, many of which have limited capacity in this area.
- 6.6 The dissolution of the RRP provides an opportunity to make approximately \$10 million available in one-time funding to the highest need capital projects of the community housing providers.
- 6.7 Regional staff are currently developing a competitive Regional Capital Repair Program following Council approval of the Housing and Homelessness Service and Financing Study (2025-2034) and can leverage the new application, assessment and monitoring process to advance this funding.

7. Tariff Response Activities Funding and Future Economic Development Programming

- 7.1 In response to the local economic impacts of U.S. and retaliatory tariffs and related uncertainty, the Durham Economic Task Force (DETF), comprised of Regional Economic Development, Area Municipal Economic Development, the Chambers of Commerce and Boards of Trade, and the post-secondary institutions, are collaborating to deliver projects and programming that provide support to affected businesses and address broader economic impacts.
- 7.2 Local economic impacts may include reduced spending at local small businesses in the retail, service, and tourism industries and on smaller local goods producers. To respond to these impacts, the DETF is planning promotional campaigns this summer and fall to attract tourism spending to these local businesses, and promote consumer products and services produced by Durham employers. The DETF is also exploring opportunities to showcase and promote Durham-based producers of commercial and industrial goods. It is recommended that \$1 million be transferred and used for these, and similar or related uses.
- 7.3 Additionally, the objectives of the RRP were to advance positive economic and community objectives in primarily urban and downtown areas. It is recommended that \$0.912 million be transferred to the Economic Development Reserve Fund for future regional economic development and tourism related projects intended to grow downtown vibrancy and economic prosperity across the Region's 14 downtown and 'main street' areas of Ajax Downtown, Beaverton, Bowmanville, Brooklin, Cannington, Newcastle, Orono, Downtown Oshawa, Pickering Nautical Village, Pickering Village, Port Perry, Sunderland, Uxbridge, and Downtown Whitby.

8. Rescinding the Redundant Pickering Casino Reserve Fund By-law

- 8.1 In 2023, Regional Council approved entering into a Memorandum of Understanding with the City of Pickering for sharing of revenues from the Pickering casino, including the establishment of a reserve fund for Pickering Casino Revenues (refer to Report #2023-F-6). However, the Region's share of funding is being treated as a flow through funding to support housing and homelessness initiatives through the Corporate Items budget in the Annual Business Plans and Budgets. The current balance in the reserve fund is zero and the reserve fund is not required. Consequently, it is deemed appropriate to repeal By-law 11-2023 that established the Pickering Casino Revenues Reserve Fund.

9. Financial Implications

- 9.1 There are currently five projects being funded from the RRP. Existing commitments of approximately \$10.3 remain outstanding for these approved projects, which will continue to receive the committed payments in accordance with the milestones set out in the executed project agreements.
- 9.2 The uncommitted balance in the Regional Revitalization Reserve Fund is approximately \$11.912 million at December 31, 2024 and is no longer required for the intended purpose of the RRP. With the pressing needs as described above, it is recommended that \$1.912 million be transferred to economic development uses designed to respond to the local economic impacts of U.S. and retaliatory tariffs on Durham small businesses as well as future economic development projects to grow downtown vibrancy, with the balance of approximately \$10 million be allocated for critical housing capital reports for external legacy third-party community housing providers as identified through the Housing and Homelessness Service and Financing Strategy (2025 – 2034).
- 9.3 The reserve fund for the RRP is no longer required and will be dissolved. In addition, it has been determined that the reserve fund for the Pickering Casino Revenues is not required and the by-law governing that reserve fund should be repealed.

10. Relationship to Strategic Plan

- 10.1 This report aligns with/addresses the following Strategic Direction(s) and Pathway(s) in Durham Region's 2025-2035 Strategic Plan:

a. Connected and Vibrant Communities

- C1. Align Regional infrastructure and asset management with projected growth, climate impacts, and community needs.
- C2. Enable a full range of housing options, including housing that is affordable and close to transit.
- C6. Continue to revitalize and transform downtowns into hubs of economic, social, and cultural connection.

- C7. Create accessible, lively, and culturally welcoming public spaces, including opportunities to access nature.

e. Strong Relationships

- S1. Enhance inclusive opportunities for community engagement and meaningful collaboration.
- S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.
- S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.

11. Conclusion

11.1 The purpose of this report is to highlight the past successes of the RRP and recommend discontinuation of the program, as the program has broadly served its purpose of redeveloping key areas within the Region, including downtowns, through Regional support of projects demonstrating both financial needs related to redevelopment and positive revitalization benefits to Durham's communities.

11.2 Recently, the Region of Durham's role in land-use planning changed significantly with the introduction of Bill 23 – the More Homes Built Faster Act, 2022. Effective January 1, 2025, the Region became an "upper-tier municipality without planning responsibilities," meaning in addition to the Region not having responsibility to approve applications under the Planning Act, the Regional Official Plan is now implemented by the area municipalities, and they can appeal or amend it until such time as they complete their next official plan review. This legislative change has compromised the legal mechanism for providing Regional financial assistance to redevelopment projects through area municipal CIPs.

11.3 The Region will continue to honour existing RRP commitments through its existing executed contribution agreements with local municipalities.

11.4 This report has been prepared with assistance from Development Approvals – Works, Community Growth and Economic Development, Social Services – Housing Division and Corporate Services – Legal Services Division.

12. Attachments

Attachment #1: Key Elements of the Regional Revitalization Program

Attachment #2: Approved Projects Under the Regional Revitalization Program (2025)

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

Project	Municipality	Description	Regional Assistance	Status
Heathrow Group – 40 King Street West (2025)	Oshawa	Proposing to convert a largely vacant and underutilized office building at 40 King Street West into a mixed residential/commercial building. The building is located in the City of Oshawa's Urban Growth Centre Community Improvement Plan. The proposal contains 119 apartment rental units, comprising 105 two-bedroom units and 14 one-bedroom units.	Up to \$1,350,000	Approved by Regional Council on February 26, 2025. The Contribution Agreement is executed.
Atria Development Corp. 35 Division Street (2024)	Oshawa	Proposing to develop a 12-storey, 233-unit purpose-built rental apartment building with approximately 2, 200 square feet of retail floor space and 218 subsurface parking spaces on three levels at 35 Division Street in the Downtown Oshawa Urban Growth Centre.	Up to \$4,900,000	Approved by Regional Council on September 25, 2024. Contribution Agreement is being reviewed by City staff.
Medallion Developments Ltd. 135 Bruce Street (2024)	Oshawa	Proposing to develop a multi-phased mixed-use development for Phase 1, which consists two purpose-built apartment buildings and will result in a total of 509 units. The site is currently a vacant brownfield site.	Up to \$3,900,000	Approved by Regional Council on June 26, 2024. The Contribution Agreement is executed.
Brookfield Residential (2020) 201 Brock Street South, Town of Whitby, legally described as Lots 1, 2, 3 and 4, and Part of Lots 17, 18, 19 and 20, 2nd Double Range, Plan H50031; Part 1, Plan 40R-30568; Town of Whitby, being All of PIN 26503-0270 (LT)	Whitby	Development of a six (6)-storey mixed-use development (including residential condominiums and commercial space), under the marketing name Station No.3. The proposed project includes 160 residential condominium units, and approximately 9,505 square feet of ground floor commercial space.	\$625,580	100% of financial assistance has flowed to proponent.
Uxmed Inc.	Uxbridge	Development of a new	\$114,350	Approved by

Development for the Uxbridge Health Centre at 4 Campbell Drive (2019)		36,532 square foot integrated medical facility to enhance quality of care and assure continued physician support.		Regional Council on December 19, 2019. The site plan drawings have not been approved yet, RRP agreement cannot be finalized. Outstanding Commitments: \$114,350
City Homes Development at 215-234 Perry St and 205 John St. (2019) 215-234 Perry Street, 205 John Street East	Whitby	Development of a six (6) storey purpose-built rental apartment building, known as the Ashbrooke, with 114 residential apartment units and one (1) level of underground parking	\$300,000	100% of financial assistance has flowed to proponent.
Bond and Mary Development Inc. (Phase 2) 80 Bond St. E (2018)	Oshawa	Redevelopment of a mixed use residential/commercial development. (Phase 2) 370 apartment units 5,000 square feet of ground floor commercial	\$580,000	100% of financial assistance has flowed to proponent.
Genosha Hotel (TT7 Inc.) (2017) 68-72 King Street East legally described as "LT 6 N/S KING ST PL H50003 OSHAWA; LT 7 N/S KING ST PL H50003 OSHAWA; PT LT 5 N/S KING ST PL H50003 OSHAWA AS IN D275134 (THIRDLY); PT LT 6 S/S BOND ST PL H50003 OSHAWA; PT LT 7 S/S BOND ST PL H50003 OSHAWA AS IN D275134 (SECONDLY)	Oshawa	Redevelopment of a mixed use apartment/commercial building. 86 apartment units 22,000 square feet of commercial	\$564,000	100% of financial assistance has flowed to proponent.
Genosha Hotel	Oshawa	Redevelopment of a mixed	\$490,000	Not proceeding

(Bowood Properties) (2016)		use apartment/commercial building.		due to ownership issues.
<p>Bond and Mary Development Inc. (2015) 100 Bond St. E</p> <p>100 Bond Street East legally described as PT LT 13 S/S RICHMOND ST PL 71 OSHAWA; PT RICHMOND ST PL 4 OSHAWA AS SHOWN ON PL 335 CLOSED BY OS23998; PT LT 13 N/S BOND ST PL 71 OSHAWA; PT LT 14 N/S BOND ST PL 71 OSHAWA; PT LT 14 S/S RICHMOND ST PL 71 OSHAWA PT LT C36 SHEET 8 PL 335 OSHAWA, PARTS 1, 2 & 3 PLAN 40R28464; SUBJECT TO AN EASEMENT IN GROSS AS IN DR1025159; SUBJECT TO AN EASEMENT AS IN DR1490988</p>	Oshawa	<p>Redevelopment of a mixed use residential/commercial development. (Phase 1)</p> <p>239 apartment units 13,000 square feet of ground floor commercial</p>	\$430,000	100% of financial assistance has flowed to proponent.
<p>Medallion Development (Bayly Square) (2011)</p> <p>Southwest corner of Harwood Avenue and Bayly Street in the Town of Ajax (Building A and B ONLY)</p>	Ajax	Construction of a mixed use development, including retail, office and high density residential, with a pedestrian oriented civic square for social and cultural activities.	<p>Regional Financial Assistance: \$1,451,000</p> <p>Regional Works & Pumping Station: <u>\$3,500,000</u></p> <p>TOTAL: <u>\$4,951,000*</u></p> <p>*Commitment includes costs associated with relocation of a Regional storm sewer, sanitary sewer and watermain. In addition, the Region, in the 2013 DC By-law update, included a sanitary pumping station, forcemain and</p>	100% of financial assistance has flowed to proponent.

			associated appurtenances valued at an additional \$3.5 million to accommodate future phases of development.	
First Leaside (2010)	Uxbridge	Construction of an office building, including remediation of a brownfield site.	\$215,380	Not proceeding due to project issues – not municipal related
Genosha Hotel (2009)	Oshawa	Redevelopment of a mixed use apartment (103 bachelor suites)/commercial building (16,900 sq. ft.)	\$550,000	Not proceeding due to project issues – not municipal related

KEY ELEMENTS OF THE REGIONAL REVITALIZATION PROGRAM

- The RRP targets new projects within Community Improvement Plan (CIP) Areas as recommended by area municipalities;
- The RRP focuses on initiatives that advance goals of the former Regional Official Plan (ROP) as a basis for achieving positive economic and community objectives;
- The RRP encourages both residential and employment growth in the Region's key urban locations, including Regional Centres and Regional Corridors, and brownfield sites throughout the Region, which are given preference;
- The project must entail significant and substantial revitalization and/or development. Construction cannot already be underway. Examples of eligible project types are:
 - New construction
 - Additions to existing buildings
 - Redevelopment
 - Brownfield redevelopment
- Projects involving façade improvements are not eligible under the RRP;
- Program eligibility is determined through the submission of an application, including a business case by the supporting area municipality, which demonstrates the benefits of the project and the need for Regional financial assistance. Area municipalities must submit an application, including a business case, to the Region's Commissioner of Finance;
- Applications are reviewed and evaluated by the Commissioners of Community Growth and Economic Development, Works and Finance to ensure that program eligibility and business case requirements are addressed;
- Recommendations regarding project selection are then presented to the Finance & Administration Committee or the Committee of the Whole and Regional Council;
- Regional financial assistance under the RRP is not to be greater than the area municipality's financial assistance;
- Funds for approved community improvement projects will be transferred to the applicable area municipality at the following stages:
 - Building permit issued by area municipality: 50%
 - Framing inspection, or equivalent structural completion, Passed by the area municipal building inspection authority: 40%
 - Occupancy permit received from area municipal building authority or passed preoccupancy inspection of those municipalities which do not issue an occupancy permit: 10%
- The participating area municipalities are required to provide relevant project information for all qualified community improvement projects approved through the RRP on an annual basis for the five years after substantial occupancy of each project;

- Funding is provided through the Regional Revitalization Reserve Fund, which is replenished through the dedication of the increased Regional property tax revenue of the RRP projects, resulting from increased current value assessment; and
- Regional financial assistance operates like a grant; it is not an exemption from Regional Development Charges, a reduction in property taxes, or a contribution towards Regional infrastructure



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2025-F-9
Date: May 13, 2025

Subject:

U-Pass Agreement Extension

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That, the existing U-Pass agreements with Durham College, Ontario Tech University and Trent University (Durham Campus) be extended including updated U-Pass rates through the 2027-2028 academic year with the following fee increases:
- i) 2025-2026 academic year – 4.9 per cent increase from \$152.85 to \$160.30 per semester per eligible student for the period September 1, 2025, to August 31, 2026;
 - ii) 2026-2027 academic year – 4.9 per cent increase from \$160.30 to \$168.15 per semester per eligible student for the period September 1, 2026, to August 31, 2027; and
 - iii) 2027-2028 academic year – 4.9 per cent increase from \$168.15 to \$176.35 per semester per eligible student for the period September 1, 2027, to August 31, 2028.
- B) That the Regional Chair and Regional Clerk be authorized to execute the amending agreements.

1. Purpose

- 1.1 This report updates the Finance and Administration Committee on the status of DRT's U-Pass agreements with Durham College, Ontario Tech University and Trent University, and seeks approval for a three-year extension to the U-Pass agreements in alignment with [Report #2024-DRT-12](#), from September 1, 2025 to August 31, 2028, with an annual rate increase of 4.9 per cent per academic year rounded down to the nearest \$0.05.
- 1.2 A similar report was provided to the Transit Executive Committee on May 7, 2025.

2. Background

- 2.1 DRT entered into the current U-Pass agreement with Durham College, Ontario Tech University and Trent University for the period May 1, 2017, through August 31, 2019. The parties have since executed several one-year extensions to the original agreement and participated in on-going collaborative efforts to increase transit ridership and provide students with equitable and sustainable transportation. The U-Pass is charged to all full-time students of the participating institutions as an ancillary fee to their tuition costs, providing the post-secondary students unlimited travel on DRT.
- 2.2 In 2024 U-Pass customers accounted for 24 per cent of DRT's annual ridership, with the U-Pass agreements accounting for 20 per cent of fare revenue. The DRT 2025 budget includes U-Pass revenues of \$8.7 million.
- 2.3 In the recent past, DRT has worked closely with PRESTO and the post-secondary institutions to advance an efficient and easily administered fare payment solution. In 2025, DRT will transition the U-Pass to the PRESTO U-PASS on Mobile Wallet. Students unable to use the Mobile Wallet solution will be provided a physical PRESTO card. Moving the U-PASS to the Mobile Wallet (virtual card) aligns with DRT's current process for issuing monthly passes and will also allow students commuting across the GTA the ability to leverage and reduce their transit fares through the One Fare and Co-Fare programs. DRT will benefit from an improvement in the reliability of PRESTO U-Pass boarding and fare data, supporting the continued development and enhancements to the transit network.

- 2.4 PRESTO commissions were negotiated and specified in the 2017 Operating Agreement signed between Metrolinx and 905 transit agencies. A commission rate of six per cent applies to the current PRESTO E-Ticket solution, which will increase to nine per cent for the PRESTO Mobile Wallet solution. The increased commission fee, inclusive of the proposed 4.9 per cent U-Pass rate increase effective September 2025, was included in the 2025 DRT Budget.
- 2.5 Durham Region Transit and representatives from each post-secondary institution (Durham College, Ontario Tech University and Trent University), along with staff from Metrolinx, meet regularly to discuss technical challenges, communications strategies, technology change and improvements, and other items of interest. This collaborative working group ensures students receive a positive transit experience. DRT's Engagement and Change team has also been a regular participant and with advice from the post-secondary institutions, established regular engagement opportunities on-campus where students can drop by and ask questions about the transit system. This collaboration is always important, and most visible during the start of the fall and winter semesters.
- 2.6 Durham College, Ontario Tech University, and Trent University (Durham Campus), have confirmed that they are in agreement to extend their U-Pass agreements with DRT, including the 4.9 per cent annual U-Pass rate increase through August 31, 2028.

3. Previous Reports and Decisions

- 3.1 At its meeting of January 29, 2020, Council approved a one-year extension to the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus), including a 2 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 ([Report #2020-F-1](#)).
- 3.2 At its meeting of July 8, 2020, TEC authorized a temporary suspension of the one-year extension to the U-Pass agreement for the fall 2020 semester at the request of the three post-secondary institutions due to the impacts of COVID-19 on the delivery of academic programming ([Report #2020-DRT-15](#)).
- 3.3 At its meeting of December 16, 2020, Council approved an additional one-year extension to the U-Pass agreement through August 31, 2022, including a 1.9 per cent increase in the U-Pass rate to \$144.50 per semester effective September 1, 2021 ([Report #2020-DRT-23](#)).

- 3.4 At its meeting of December 22, 2021, Council approved the extension of the U-Pass agreement through the 2022-2023 academic year, including a 1.9 per cent increase in the fee per eligible student from \$144.50 per semester to \$147.25 per semester for the period of September 1, 2022 to August 31, 2023 ([Report #2021-F-37](#)).
- 3.5 The extension of the U-Pass agreement through the 2023-2024 academic year, including a 1.9 per cent increase in the fee per eligible student from \$147.25 per semester to \$150.00 per semester for the period of September 1, 2023 to August 31, 2024, was authorized by staff in the fall of 2022 under the delegated authority provided by Regional Council through [Report #2022-F-4](#).
- 3.6 In November 2023, Regional Council approved the extension of the U-Pass agreement through the 2024-2025 academic year ([Report #2023-DRT-26](#)), including a 1.9 per cent increase in the fee per eligible student from \$150 per semester to \$152.85 per semester for the period September 1, 2024 to August 31, 2025.
- 3.7 In June 2024, TEC approved recommendations contained in [Report #2024-DRT-12](#), which outlined a framework and fee parameters for the next U-Pass agreement negotiations.
- 3.8 In November 2024, Regional Council approved the Transit Executive Committee's amended non-U-Pass transit fare increase from 5 per cent to 3.5 per cent effective July 1, 2025 ([Report #2024-DRT-20](#)).

4. Financial Implications

- 4.1 Table 1 outlines the projected annual net budget impacts under the proposed terms of the negotiated U-Pass agreement extension to August 31, 2028, and the transition to U-Pass on Mobile Wallet from U-Pass E-Tickets based on current post-secondary student enrolment levels.

Table 1 – Estimated Net Impact of U-Pass Changes

	2025 Approved Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Estimated U-Pass Revenue (at negotiated annual 4.9% fare increase)	\$8,748,185	\$8,857,954	\$9,290,586	\$9,744,722	\$10,012,271
Less Estimated PRESTO Commissions (including transition to Mobile Wallet) ¹	(\$787,336)	(\$585,932)	(\$660,561)	(\$692,850)	(\$711,872)
Estimated Net U-Pass Revenue	\$7,960,849	\$8,272,022	\$8,630,026	\$9,051,872	\$9,300,399

¹ The estimated 2026 – 2028 PRESTO commissions for the Mobile Wallet assumes activation by the historical average of approximately 79 per cent of eligible student enrolment.

- 4.2 As detailed in Table 1 the net U-Pass revenue based on existing post-secondary enrollment, is projected to increase from the 2025 approved budget of \$7.96 million in 2025 to \$9.30 million in 2028, an overall increase of \$1.34 million over the three contract years based on the negotiated 4.9 per cent annual increase in the U-Pass Rate. If the annual U-Pass rate increase had been limited to 1.9 per cent the net revenue would have been projected to increase by \$0.57 million over the three contract years, \$0.77 million less than the current negotiated increase of 4.9 per cent.
- 4.3 The above analysis assumes that eligible enrolment remains at the current level. The post-secondary sector is facing challenges resulting in the cancellation of some programs. DRT staff continue to work closely with the post-secondary school institutions to understand any potential reductions in eligible enrolment as this would negatively impact the Region's projected net U-Pass revenue.
- 4.4 The increased net U-Pass revenue will be included in the annual Durham Region Transit Business Plans and Budget and will help fund inflationary pressures and overall transit network growth.
- 4.5 Upon approval of Council, the U-Pass rate for the academic year starting in September (2025-2026) will be \$160.30 per eligible student per four-month semester. On a monthly basis, the U-Pass fare per student will be \$40.08, which is less than six adult round trips (\$44.76) at the lowest single ride PRESTO fare.

The U-Pass will remain the lowest DRT monthly equivalent fare; 23 per cent less than DRT's Transit Assistance Program (TAP) available to Ontario Works and Ontario Disability Support Program clients (\$52.22 per month), 70 per cent less than the adult pass (\$134.28), 63 per cent less than the youth pass (\$107.42), and 25 per cent less than the senior pass (\$53.71).

5. Next Steps

- 5.1 Upon Regional Council approval of the recommendation to execute the new agreements, DRT will work with Legal Services and representatives from the post-secondary institutions to execute amendments to the U-Pass Agreements to implement the three-year extension beginning September 2025.
- 5.2 Upon execution of the extension, the Region's fees and charges schedule will be updated to reflect the increased fee.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following Strategic Directions and Pathways in Durham Region's 2025-2035 Strategic Plan:
 - a. Connected and Vibrant Communities
 - C3. Improve public transit system connectivity, reliability, and competitiveness.
 - b. Resilient Local Economies
 - R3. Develop, attract, and support a skilled and qualified workforce, including youth and newcomers.
 - c. Strong Relationships
 - S5. Ensure accountable and transparent decision-making to serve community needs, while responsibly managing available resources.
- 6.2 This report aligns with/addresses the following Foundations in Durham Region's 2025-2035 Strategic Plan:
 - a. People: Making the Region of Durham a great place to work, attracting, and retaining talent.
 - b. Processes: Continuously improving processes to ensure we are responsive to community needs.

- c. Technology: Keeping pace with technological change to ensure efficient and effective service delivery.

7. Conclusion

- 7.1 The U-Pass Agreements have benefited all parties. They have contributed to strong ridership growth amongst post secondary students and predictable fare revenues for DRT, as well as mitigating traffic congestion and emissions by removing trips using single occupancy passenger vehicles. For Durham's post secondary institutions, it has provided their students with an affordable and sustainable travel solution and supported the institutions to mitigate parking and traffic pressures on campus and in the surrounding community.
- 7.2 The increased U-Pass rate will ensure DRT can continue to invest in services to improve the frequency and reliability of the transit network for all customers.

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