



The Regional Municipality of Durham

Finance and Administration Committee Revised Agenda

Tuesday, February 14, 2023, 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](#).

	Pages
1. Roll Call	
2. Declarations of Interest	
3. Adoption of Minutes	
3.1 Finance and Administration Committee meeting - January 17, 2023	3
4. Statutory Public Meetings	
There are no statutory public meetings	
5. Presentations	
*5.1 Nancy Taylor, Commissioner of Finance & Treasurer, Jamie Austin, Deputy General Manager - Transit Support Services, Christopher Norris, Deputy General Manager - Transit Operations, and Nicole Pincombe, Director, Business Planning & Budgets re: Transit Service and Financing Strategy (2023 – 2032) (2023-F-5) [Item 8.2 b)]	15
6. Delegations	
*6.1 Jo-anne Marr, President & CEO, Oak Valley Health, re: Regional Council Community Grant Investment Support on the Upcoming Redevelopment of the Uxbridge Hospital	36
6.2 Ian Sinnott, DRT Chair, Unifor Local 222, re: Transit Long-Term Service and Financing Strategy	
6.3 Jeff Gray, President, Unifor Local 222,	

re: Transit Long-Term Service and Financing Strategy

- 6.4 Mehmet Yazan, Ajax resident,
re: Durham Water Billing Dispute

7. Administration

7.1 Correspondence

7.2 Reports

- | | | |
|----|---|----|
| a. | Report #2023-A-4 | 43 |
| | The Regional Municipality of Durham's Accessibility Advisory Committee's 2022 Annual Report and 2023 Workplan | |
| b. | Report #2023-A-5 | 53 |
| | Appointment of new members to the Durham Accessibility Advisory Committee (AAC) | |

8. Finance

8.1 Correspondence

8.2 Reports

- | | | |
|----|--|----|
| a. | Report #2023-F-4 | 56 |
| | Investment Portfolio Update | |
| b. | Report #2023-F-5 | 64 |
| | Transit Service and Financing Strategy (2023 - 2032) | |

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, March 21, 2023 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, January 17, 2023

A regular meeting of the Finance & Administration Committee was held on Tuesday, January 17, 2023 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM

1. Roll Call

Present: Councillor Ashe, Chair
Councillor Leahy, Vice-Chair, attended the meeting at 9:40 AM
Councillor Garrod
Councillor Lee*
Councillor McDougall, left the meeting at 12:30 PM
Councillor Schummer*
Councillor Woo
Regional Chair Henry

Also

Present: Councillor Dies*
Councillor Foster*, attended for part of the meeting
Councillor Neal*, attended for part of the meeting
***denotes Councillors participating electronically**

Staff

Present: E. Baxter-Trahair, Chief Administrative Officer
B. Goodwin, Commissioner of Corporate Services
N. Taylor, Commissioner of Finance
S. Austin, Director, Strategic Initiatives
B. Bridgeman, Commissioner of Planning & Economic Development
A. Harras, Regional Clerk/Director of Legislative Services
A. Hector-Alexander, Director, Diversity, Equity, and Inclusion
J. Cermak, Director, Financial Services
J. Demanuele, Director, Corporate Infrastructure and Strategic Business Services
S. Danos- Papaconstantinou, Commissioner of Social Services
J. Dixon, Director, Business Affairs and Financial Management
T. Fetter, Director, Business Services, DRPS
J. Hunt, Regional Solicitor/Director of Legal Services, Corporate Services – Legal
W. Holmes, General Manager, Durham Region Transit
R. Inacio, Systems Support Specialist, Corporate Services – IT
J. Kilgour, Director, DEMO

Dr. R.J. Kyle, Commissioner and Medical Officer of Health
L. McIntosh, Director, Children's Services and Income and Employment Support
N. Pincombe, Director, Business Planning & Budgets
N. Prasad, Assistant Secretary to Council, Corporate Services – Legislative Services
J. Presta, Commissioner of Works
A. Robins, Director, Housing Services
T. Rollauer, Chief, DRPS
J. Sarwar, Director, Service Durham
M. Simpson, Director, Risk Management, Economic Studies, & Procurement
J. Singh, Director, Internal Audit
L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services – Legislative Services

2. Declarations of Interest

There were no declarations of interest.

3. Adoption of Minutes

Moved by Regional Chair Henry, Seconded by Councillor McDougall,
(1) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, December 13, 2023, be adopted.
CARRIED

4. Statutory Public Meetings

There were no statutory public meetings.

5. Presentations

5.1 Elaine Baxter-Trahair, Chief Administrative Officer, re: CAO's Office Orientation

Elaine Baxter-Trahair, Chief Administrative Officer provided a presentation with respect to the CAO's office. Highlights of the presentation included:

- Strategic Initiatives Division
- Diversity, Equity and Inclusion Division
- Emergency Management
- Corporate Communications Office
- Legal Services Division

5.2 Barb Goodwin, Commissioner of Corporate Services, re: The Corporate Services Department

Barb Goodwin, Commissioner of Corporate Services provided a presentation with respect to the Corporate Services Department. Highlights of the presentation included:

- Overview of Corporate Services Department
 - Human Resources
 - Information Technology
 - Legislative Services
 - Service Durham
- 2023 Priorities and Challenges

B. Goodwin responded to questions from the Committee regarding multigenerational workforces.

5.3 Nancy Taylor, Commissioner of Finance & Treasurer, Nicole Pincombe, Director - Business Planning & Budgets, and Mary Simpson, Director - Risk Management, Economic Studies & Procurement, re: Finance Department Orientation

Nancy Taylor, Commissioner of Finance & Treasurer, Nicole Pincombe, Director - Business Planning & Budgets, and Mary Simpson, Director - Risk Management, Economic Studies & Procurement provided a presentation with respect to the Finance Department. Highlights of the presentation included:

- Overview of the Finance Department
- Strategic Priorities
- Key Responsibilities

Staff responded to questions from the Committee regarding the municipal insurance pool.

The Committee recessed at 10:50 AM and reconvened at 11:00 AM due to a technical issue. All members were present following the recess.

Staff continued to respond to questions regarding Municipal Property Assessment Corporation (MPAC) assessments; Regional investment policies; debt issued by the Region; risk mitigation; MyDurhamWater; and the issuance of government funds for Ukrainian assistance.

5.4 Mary Simpson, Director - Risk Management, Economic Studies, & Procurement, re: Public Process for the Passage of a New Regional Development Charge By-law (2023-F-2)

Mary Simpson, Director - Risk Management, Economic Studies, & Procurement provided a presentation with respect to the Public Process for the Passage of a New Regional Development Charge By-law. Highlights of the presentation included:

- Overview of Development Charges
- How a DC By-law is developed and the procedure for establishing
- How DC Rates are determined and calculated
- Residential DC Services and Current Rates
- Non-residential DC Services and Current Rates
- Reporting and Auditing DCs

- DC Policies, Other Policies and Exemptions
- Bill 23 Changes and Implications
- New By-law Update – Spring 2023

Staff responded to questions from the Committee regarding developing policies on attainable and affordable housing; Transit related development charges; the allocation of development charge reserves; the definition of affordable housing; the financial impacts of Bill 23 and potential reimbursement from the Province; and Development Charge by-law appeals.

5.5 Elaine Baxter-Trahair, Chief Administrative Officer, Nancy Taylor, Commissioner of Finance & Treasurer, and Nicole Pincombe, Director - Business Planning & Budgets, re: 2023 Regional Business Plans and Property Tax Supported Budget Guideline (2023-F-1)

Elaine Baxter-Trahair, Chief Administrative Officer, Nancy Taylor, Commissioner of Finance & Treasurer, and Nicole Pincombe, Director - Business Planning & Budgets provided a presentation with respect to the 2023 Regional Business Plans and Property Tax Supported Budget Guideline. Highlights of the presentation included:

- Purpose and Use of the Guideline
- 2023 Budget Pressures
- Strategic Investment
- Durham Regional Police Service
- Future Pressures
- Embedding Enhanced Public Engagement
- Conclusion

Staff responded to questions from the Committee regarding areas where the Region invests less than comparator municipalities; strategies for relocating families during housing renewal; Provincial interest in municipal reserve funds; and investments in Transit.

Moved by Councillor Leahy, Seconded by Councillor Woo,
(2) That the Committee recess for 15 minutes.

CARRIED

The Committee recessed at 12:30 PM and reconvened at 12:49 PM. All members were present with the exception of Councillor McDougall.

6. Delegations

6.1 Mehmet Yazan, re: Durham Water Billing Dispute

Mehmet Yazan, Ajax resident, did not appear.

6.2 KebaTamara Thomas, re: the Composition of Council under the Municipal Ont Reg 293/16

Due to audio issues, the delegation from Keba Tamara Thomas was considered later in the meeting.

6.3 Ievgeniia Mangones, Communications and Government Liaison Lead, Durham Ukrainian Relief Project and Anna Kobilaski, Chair, Durham Ukrainian Relief Project

Ievgeniia Mangones, Communications and Government Liaison Lead, Durham Ukrainian Relief Project and Anna Kobilaski, Chair, Durham Ukrainian Relief Project appeared before the Committee with respect to the Durham Ukrainian Relief Project. A copy of the presentation was attached to the Agenda for the meeting.

A. Kobilaski outlined the following:

- Durham Ukrainian Relief Project is a cross-denominational/cultural group of volunteers
- Focus is to assist the newcomers in integrating and becoming self-sufficient quickly and safely
- Priority is shelter and food
- 100% of the funds donated to the Project go to newcomers in Durham and there is no overhead on the Project
- Numbers of visa applications submitted and approved; 140,000 already arrived in Canada, with Durham Region to receive 4,000 to 8,000 people
- Overview of team members

Moved by Councillor Leahy, Seconded by Councillor Woo,

- (3) That the rules of procedure be suspended in order to grant Ievgeniia Mangones and Anna Kobilaski an additional two minutes to finish their delegation.

CARRIED on a 2/3rds VOTE

A. Kobilaski outlined ways to help, including various community partnerships.

A. Kobilaski thanked Durham Region for their support.

A. Kobilaski responded questions from the Committee members.

6.2 KebaTamara Thomas, re: the Composition of Council under the Municipal Ont
Reg 293/16

KebaTamara Thomas appeared before the Committee with respect to the Composition of Council under the *Municipal Act, 2001*, Ontario Regulation 293/16. A copy of the presentation was attached to the Agenda for the meeting.

K. Thomas offered a traditional territory acknowledgment.

K. Thomas provided background information noting that Durham is growing, immigration rates are soaring, ethnicity and visible minorities shift the demographic and socioeconomical landscape in Durham Region, and indigenous communities have increased from approximately 8,000 in 2011 to approximately 12, 500 in 2016.

K. Thomas outlined the following:

- Statistical challenges
- Statistical calculations

Moved by Councillor Leahy, Seconded by Councillor Woo,

(4) That the rules of procedure be suspended in order to grant KebaTamara Thomas an additional two minutes to finish their delegation.

CARRIED on a 2/3rds VOTE

K. Thomas additionally outlined the following:

- Next steps – Calls to Action
- Regional Council Proposal
 - Elect two seats for representatives that are visibly and disproportionately represented at council. Secondly, two seats at executive levels for BIPOC eligible nominees

K. Thomas responded to questions from Committee members.

7. Administration

7.1 Correspondence

There were no communications to consider.

7.2 Reports

A) Durham Region Anti-Racism Taskforce Membership Appointments and Revised
Terms of Reference (2023-A-1)

Report #2023-A-1 from Elaine Baxter-Trahair, Chief Administrative Officer, was received.

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

A) That the following individuals be appointed as community members to the Durham Region Anti-Racism Taskforce:

- i) Akuah Frempong;
- ii) Channon Oyeniran;
- iii) Gail Wilson-Beier;
- iv) Jackie Williamson;
- v) Jeany Munawa;
- vi) Kevin Vieneer;
- vii) Robert Orlando Pule;
- viii) Ruvette Coelho;
- ix) Shauna Bookal; and
- x) Trynee Hancock.

B) That the following individuals be appointed as representatives from industry, association and public institutions to the Durham Region Anti-Racism Taskforce:

- i) Brianna Nelson;
- ii) Nikki Samuel;
- iii) Pita-Garth (PG) Case; and
- iv) Susan Byrne

C) That the revisions to the Terms of Reference for the Durham Region Anti-Racism Taskforce previously approved on May 11, 2021, be approved.

CARRIED

B) Amendments to the Delegation of Authority By-law (the "Delegation By-law") (2023-A-2)

Report #2023-A-2 from Barb Goodwin, Commissioner of Corporate Services, was received.

B. Goodwin responded to a question with respect to the number of new delegated authorities.

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

- A) That the Amended Delegation By-law, in the form included as Attachment #1 to Report #2023-A-2 of the Commissioner of Corporate Services, be passed; and
- B) That Regional staff be authorized to execute such documents and carry out such tasks as may be required to give effect to the Delegation By-law as indicated in the form included as Attachment #1 to Report #2023-A-2.

CARRIED

8. Finance

a. Correspondence

There were no communications to consider.

b. Reports

A) 2023 Regional Business Plans and Property Tax Supported Budget Guideline (2023-F-1)

Report #2023-F-1 from Nancy Taylor, Commissioner of Finance, was received.

T. Rollauer and T. Fetter responded to questions with respect to the need for new positions in the Durham Regional Police Service; historical increases in staffing; the prevalence of mental health related calls; the use of technology to predict where crimes may occur; and looking at ways to be more proactive with policing.

Chief Rollauer advised that he could share elements of the data used to determine the need for new staff with members of Council.

Staff responded to additional questions with respect to the budget approval process; the surplus amount for 2022; reserve fund balances; the impact of inflation; whether the recommended guideline could be lowered; and if the Consumer Price Index should have any impact on the Region.

N. Taylor advised that she will provide the reserve fund balances to members prior to the February 1st Council meeting.

Moved by Councillor Woo, Seconded by Councillor Garrod,
(7) That we recommend to Council:

- A) That the following detailed direction and guidelines for the 2023 Business Plans and Budget for the Durham Regional Police Services Board, Conservative Authorities, Regional Departments and other Outside Agencies be approved:
 - i. The 2023 Property Tax Guideline not exceed an overall tax impact of 5.0 per cent compared to the 2022 approved budget including 0.25 per cent dedicated to fund anticipated property tax impacts resulting from Provincial Bill 23, *More Homes Built Faster Act, 2022*, and the guidelines for the Durham Regional Police Services Board (1.65 per cent) and Conservation Authorities as detailed in recommendation A (ii) and A (iii);
 - ii. The 2023 Business Plans and Budget for the Durham Regional Police Services Board not to exceed \$245.84 million, an increase of 5.37 per cent compared to the 2022 approved budget for Durham Regional Police Services to fund base pressures (\$10.17 million), the incremental costs for year three of the body worn camera implementation (\$0.37 million) and funding equivalent to 20 front line officers for other strategic priorities of the Durham Regional Police Services Board (\$1.98 million); and
 - iii. The 2023 Operating Budget for each Conservation Authority not exceed an increase of 2.5 per cent, plus or minus any current value assessment adjustments, and the 2023 Special Benefitting Programs Budget for each Conservation Authority not exceed an increase of 1.5 per cent, plus or minus any current value assessment adjustments, compared to the 2022 approved budget;
- B) That the preliminary timetable for the 2023 Regional Business Plans and Budget be approved, as outlined in Attachment #1 to Report #2023-F-1 of the Commissioner of Finance, which includes the following key date:
 - i. March 29, 2023 – final Regional Council approval of all 2023 Property Tax Supported Business Plans and Budget; and,
- C) That copies of this report be forwarded to the Durham Regional Police Services Board, Durham Region Transit Commission, Conservative Authorities, Durham Regional Local Housing Corporation, and other Outside Agencies to guide the development of detailed 2023 Business Plans and Budget.

CARRIED ON THE FOLLOWING RECORDED
VOTE:

Yes

No

Councillor Ashe, Chair
Councillor Garrod
Regional Chair Henry
Councillor Leahy
Councillor Lee
Councillor Woo

Councillor Schummer

Members Absent: Councillor McDougall

Declarations of Interest: None

- B) Public process for the passage of a new Regional Development Charge By-law, along with the proposed amendments to both the Regional Transit and GO Transit Development Charge By-laws (2023-F-2)
-

Report #2023-F-2 from Nancy Taylor, Commissioner of Finance, was received.

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

- A) That Statutory Public Meetings of Regional Council, as required by the Development Charges Act, 1997 (DCA), be held at the beginning of the regular Regional Council meeting on March 29, 2023 to consider the passage of a new Regional Development Charge (DC) By-law, along with proposed amendments to both the Regional Transit and GO Transit DC By-laws;
- B) That the proposed Regional, Regional Transit, and GO Transit DC By-laws and Background Studies, as required by the DCA, be released to the public at no charge upon request to the Regional Clerk's Department and posted on the Region's website, commencing March 14, 2023; and
- C) That staff be authorized to place appropriate notification in newspapers of sufficient general circulation in Durham Region and the Regional website setting forth the date, time, location and purpose of the Statutory Public Meetings and the date and contact for the release of the proposed by-laws and background studies.

CARRIED

- C) Regional Broadband Network: entering into infeasible Right of Use Agreement for Durham OneNet Inc.'s use of Regional assets (2023-F-3)
-

Report #2023-F-3 from Nancy Taylor, Commissioner of Finance and Jason Hunt, Regional Solicitor was received.

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

- A) That Regional staff be directed to enter into an Indefeasible Right of Use Agreement with Durham OneNet Inc. (DONi) for the use of Regional assets on substantially the same terms as provided in Attachment #1 of Report #2023-F-3 of the Commissioner of Finance; and
- B) That the Commissioner of Finance is authorized to execute an Indefeasible Right of Use Agreement on behalf of the Region of Durham, subject to the approval of the final terms and conditions by the Regional Solicitor.

CARRIED

9. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

10. Confidential Matters

There were no confidential matters to be considered.

11. Other Business

A) Funding for Municipal Infrastructure Investments

Moved by Councillor Leahy, Seconded by Councillor Woo,

- (10) That the rules of procedure be suspended to introduce a new motion without notice with respect to funding for municipal infrastructure investments.

CARRIED on a 2/3RDS VOTE

Moved by Regional Chair Henry, Seconded by Councillor Ashe,

- (11) Whereas an increased municipal capital program generates offsetting income tax and HST revenues to upper levels of government;

Whereas recent provincial legislation has reduced development charge revenues while increasing demand for infrastructure planning, delivery and maintenance;

That staff be directed to report back on the feasibility and implications of municipalities receiving a 10% share of annual HST revenue from either the Federal and/or Provincial governments and to investigate the feasibility and impact of the Province providing a full rebate on the Provincial share of the HST paid by Municipal governments;

That this is intended to assist with Municipal infrastructure investments to accommodate the infrastructure deficit as well as significant new growth related capital funding shortfalls;

And that funds be provided for a study at the discretion of the Commissioner of Finance.

CARRIED

12. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, February 14, 2023 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

13. Adjournment

Moved by Councillor Leahy, Seconded by Councillor Woo,
(12) That the meeting be adjourned.

CARRIED

The meeting adjourned at 2:00 PM

Respectfully submitted,

K. Ashe, Chair

L. Fleury, Legislative Officer



Transit Service and Financing Strategy (2023-2032)

*Finance & Administration Committee
February 14, 2023*



Transit Service and Financing Strategy (2023-2032)

- Realizing the full benefits of transit in Durham over the next 10 years will require:
 - transit-supportive land use
 - increasing transit service levels
 - investing in new transit innovations, infrastructure and passenger amenities
 - modernizing DRT's fare structure
 - transition DRT fleet to zero emission technologies
- Given the current level of funding to DRT supports a significantly lower service level than comparator municipalities, a long-term Region investment strategy is needed
- Continued advocacy to senior governments for sustainable funding support will also be critical to achieving the transit vision outlined in this plan

Recommendations

- 10-year plan to phase investment in transit service enhancements, electrification, and new facilities and amenities be approved in principle subject to annual investment approvals through the business planning and budget process, and the plan be reviewed every four years or earlier
- Given the current level of funding to Durham Region Transit supports a significant lower service level than provided to comparators, a long-term commitment be made with annual incremental increases for DRT starting at approximately 2 per cent on the overall Regional tax levy with a goal to incorporate new funding opportunities to smooth annual tax levy impacts where possible
- That staff enhance advocacy for sustained, incremental, targeted funding from the Provincial and Federal governments to support identified funding gaps
- That the General Manager of Durham Region Transit and the Commissioner of Finance be authorized to implement a 2023 charter service rate
- That the proposed DRT Fare Structure be approved, establishing a base adult fare and associated discount or trip rates for each fare category
- That DRT fares be adjusted with a \$0.10 increase to the base fare to take effect on July 1, 2023

Transit is essential to Durham's future

- Strong indicators of ridership recovery as Durham emerges from the COVID-19 pandemic
- Transit plays a critical role connecting people to employment, education and tourism opportunities while helping vulnerable residents access essential services
- GO East extension and Durham-Scarborough Bus Rapid Transit construction are planned to be an economic catalyst creating jobs and transit-oriented development
- Investing in service will ensure transit is a real option, reducing wait times, reliance on personal vehicles, traffic congestion, and wear and tear on roadways
- Fleet electrification will showcase Durham's leadership through adoption of zero emission technologies



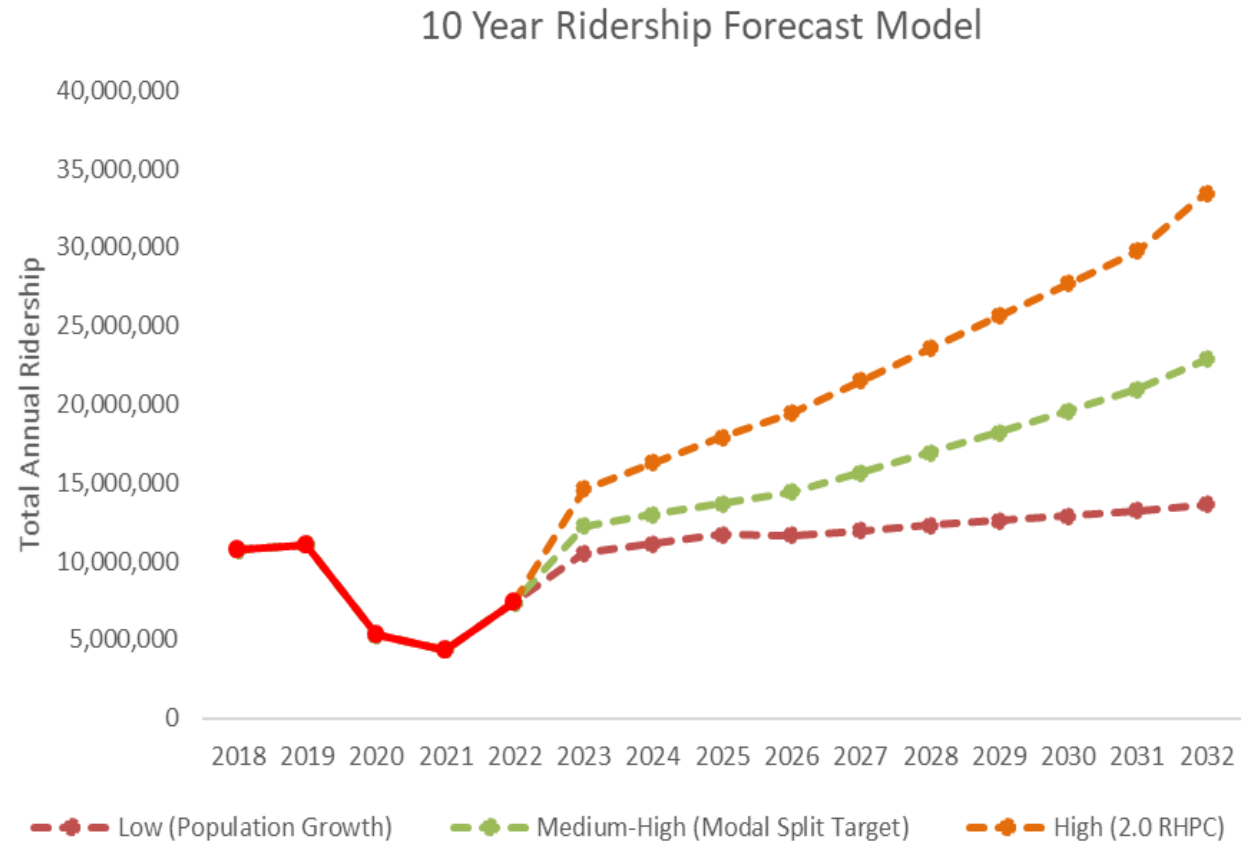


Land use is essential to transit's success

- DRT has the largest service area of any GTHA transit agency
- Land use policies are key to promoting and incentivizing growth at key transit corridors and stations
 - Ensures transit is in easy distance of where we live, work and shop
 - Grows transit demand while optimizing the use of existing infrastructure, strengthening the return on investment
- Low density greenfield expansions necessitate linear service extensions and new infrastructure increasing operating and capital costs for few passengers
 - Results in longer trips at lower service frequencies, requiring more fuel and fleet maintenance while generating limited fare revenue
 - Requires higher costs to deliver the same service levels, leading to higher property tax subsidies to be sustained or introduction of alternative service models (e.g., On Demand)
- DRT continues to work with Planning and Economic Development, Works, local municipal planning departments and Metrolinx on transit-supportive land use policies and decisions

Ridership Recovery and Outlook

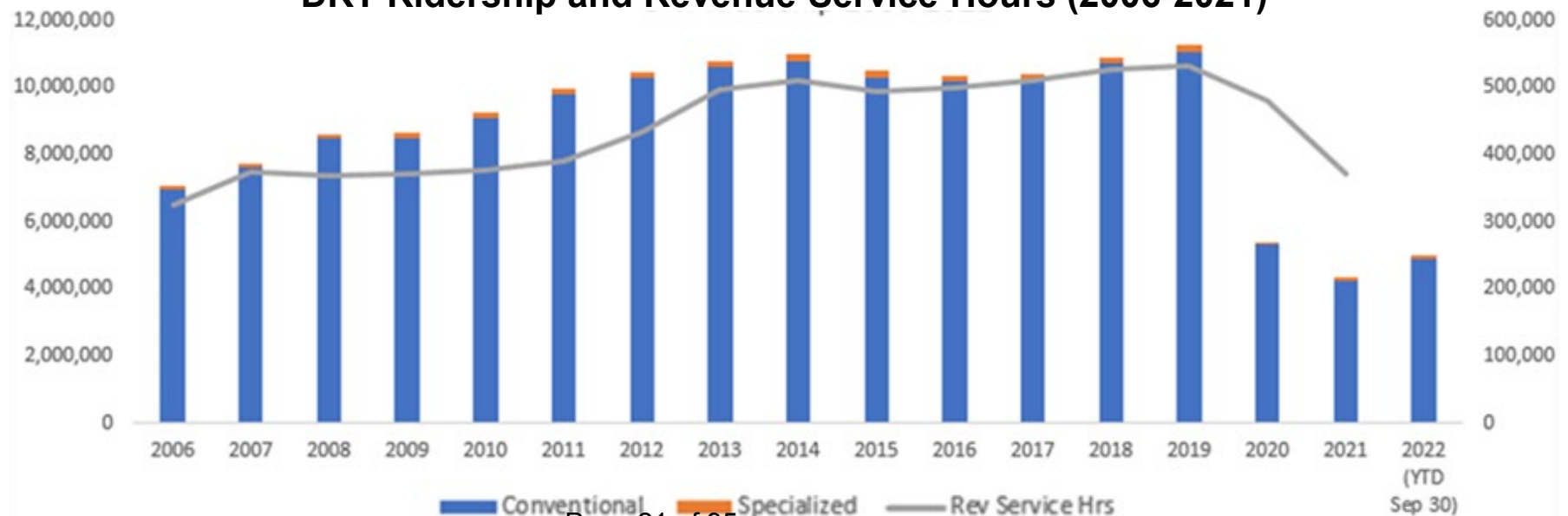
- Transit ridership is expected to return to pre-pandemic levels within the next two years
- Need to decide today what Durham's transit future looks like in order to invest in service and infrastructure to meet demand:
 1. Equivalent to other peer jurisdictions
 2. Meet the targets of the Transportation Master Plan (TMP)
 3. Continue Route Ahead level service investments to maintain status quo



Service Enhancements

- DRT has evolved from a series of small local operators to a large and integrated Regional transit system
- Durham is a dynamic region expected to approach 1 million people in next decade - customer expectations for transit are rising too
- Transit service enhancement is critical to Durham's economic competitiveness in ensuring employees and customers have access to frequent and reliable service
- Clear relationship between ridership and service hours delivered annually

DRT Ridership and Revenue Service Hours (2006-2021)



Durham Transit Investment vs Peers

2019 Transit Investment Metrics for Durham Region and Peer Jurisdictions

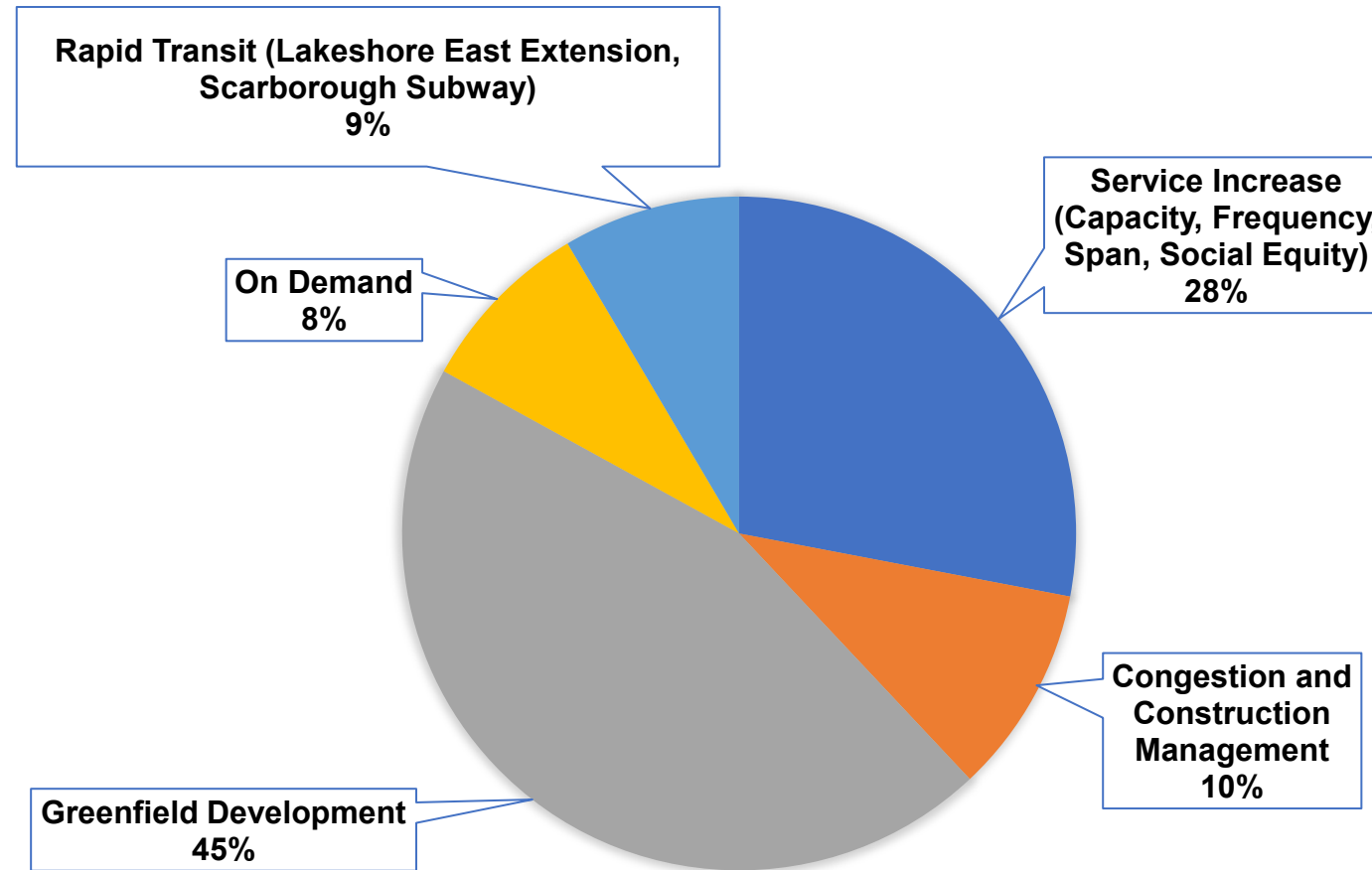
Key Metrics	Durham Region		Mississauga		Brampton		Waterloo Region		Hamilton		York Region	
	Data	Ranking	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham
Service area population	610,789	4th	777,000	27%	633,710	4%	483,811	-21%	529,394	-13%	1,126,735	84%
Revenue vehicle hours	533,205	Last	1,582,745	197%	1,258,701	136%	832,765	56%	862,292	62%	1,269,462	138%
Municipal operating contribution per capita	\$80	Last	\$131	65%	\$109	36%	\$132	66%	\$99	24%	\$88	10%
Ridership	11,083,538	Last	41,170,554	271%	31,914,291	188%	21,964,989	98%	21,659,817	95%	22,467,539	103%
Revenue vehicle hours per capita	0.9	Last	2.0	122%	2.0	122%	1.7	89%	1.6	78%	1.1	18%

Source: Canadian Urban Transit Association

- DRT has historically trailed its peer transit agencies in per capita service investments, with some offering twice as much transit service for residents and businesses
- Durham ranks last in several key pre-pandemic metrics, including revenue vehicle hours per capita and annual ridership

2023-2032 Service Investment

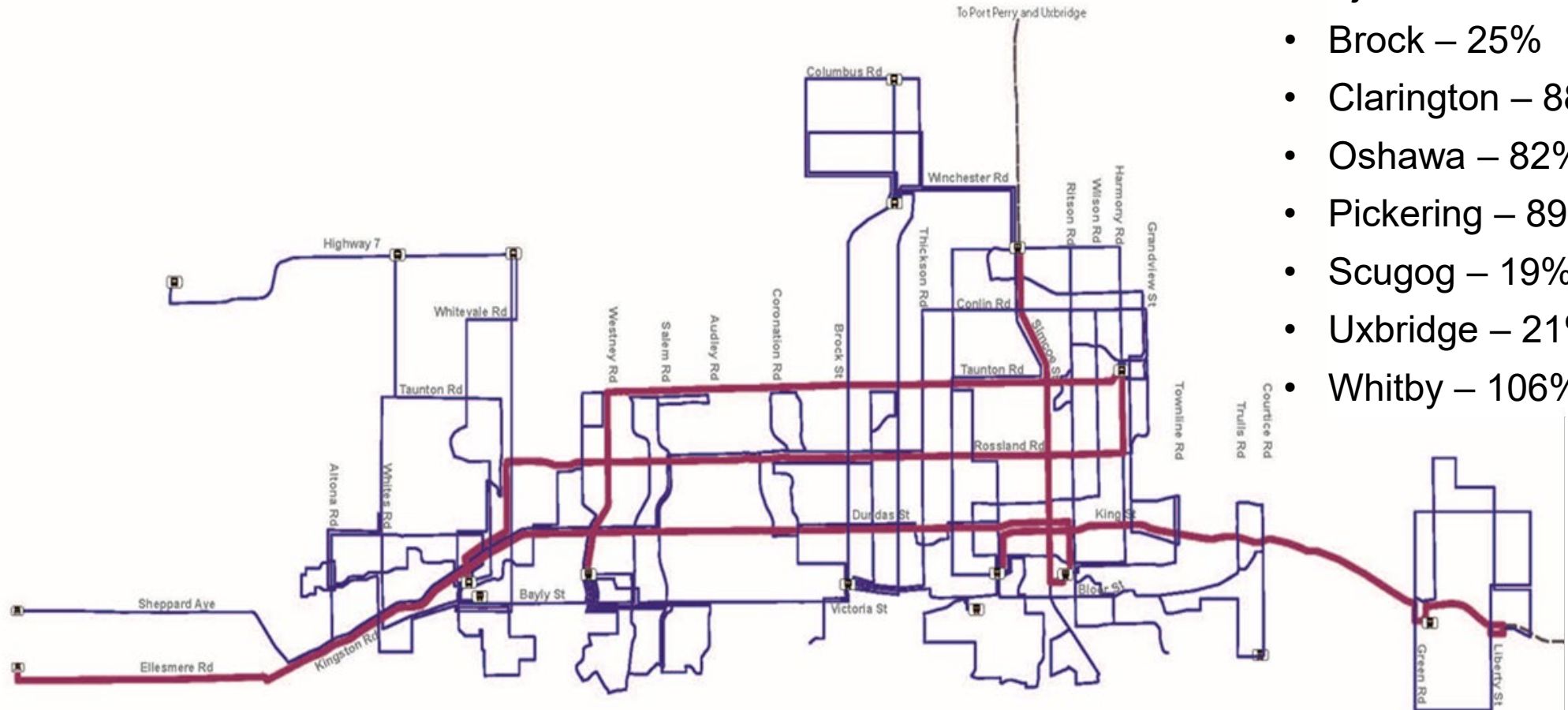
Transit Service Plan (2023-2032)



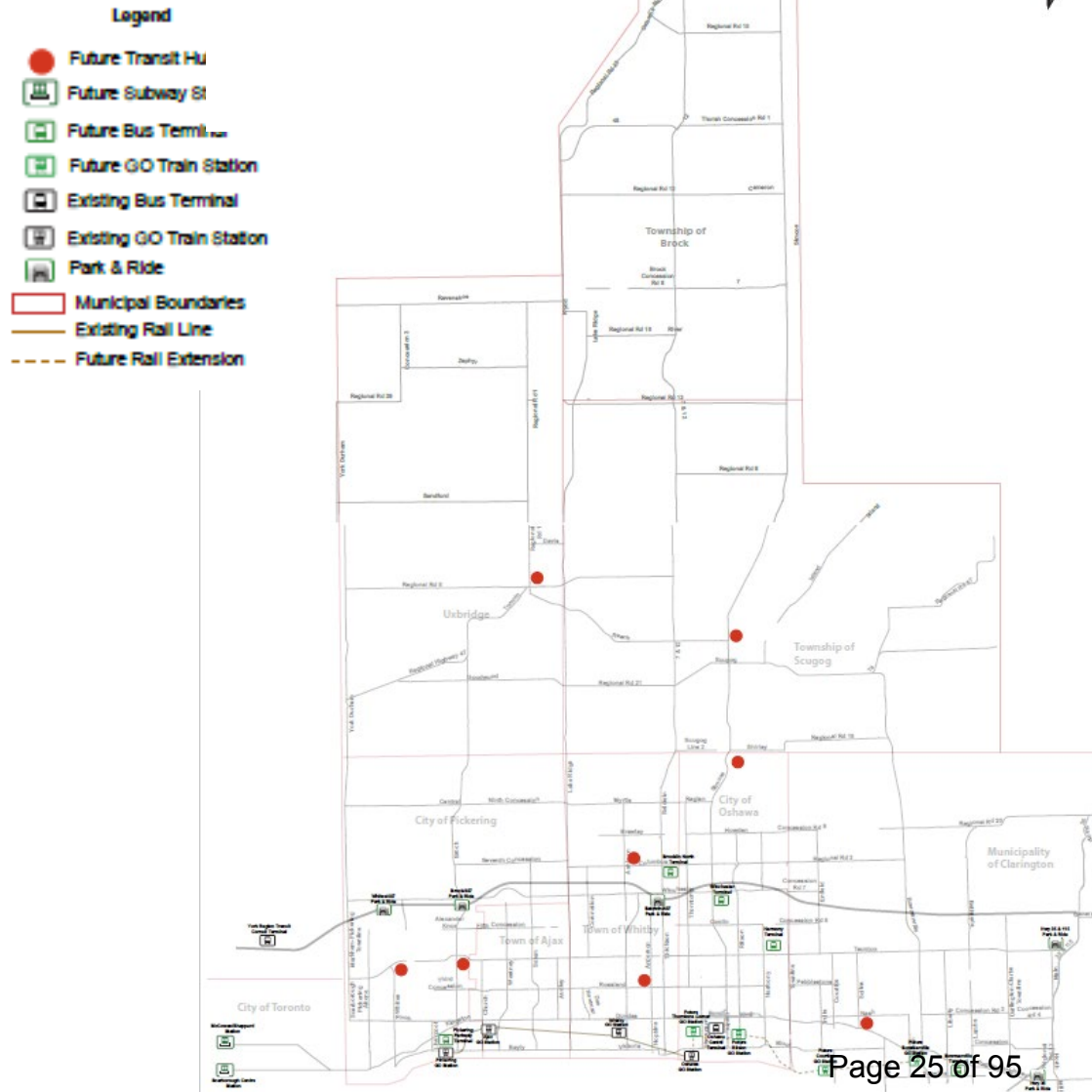
2032 Frequent and Available Transit Network

Revenue Service Hour Investment
(2023 – 2032)

- Ajax – 88%
- Brock – 25%
- Clarington – 88%
- Oshawa – 82%
- Pickering – 89%
- Scugog – 19%
- Uxbridge – 21%
- Whitby – 106%



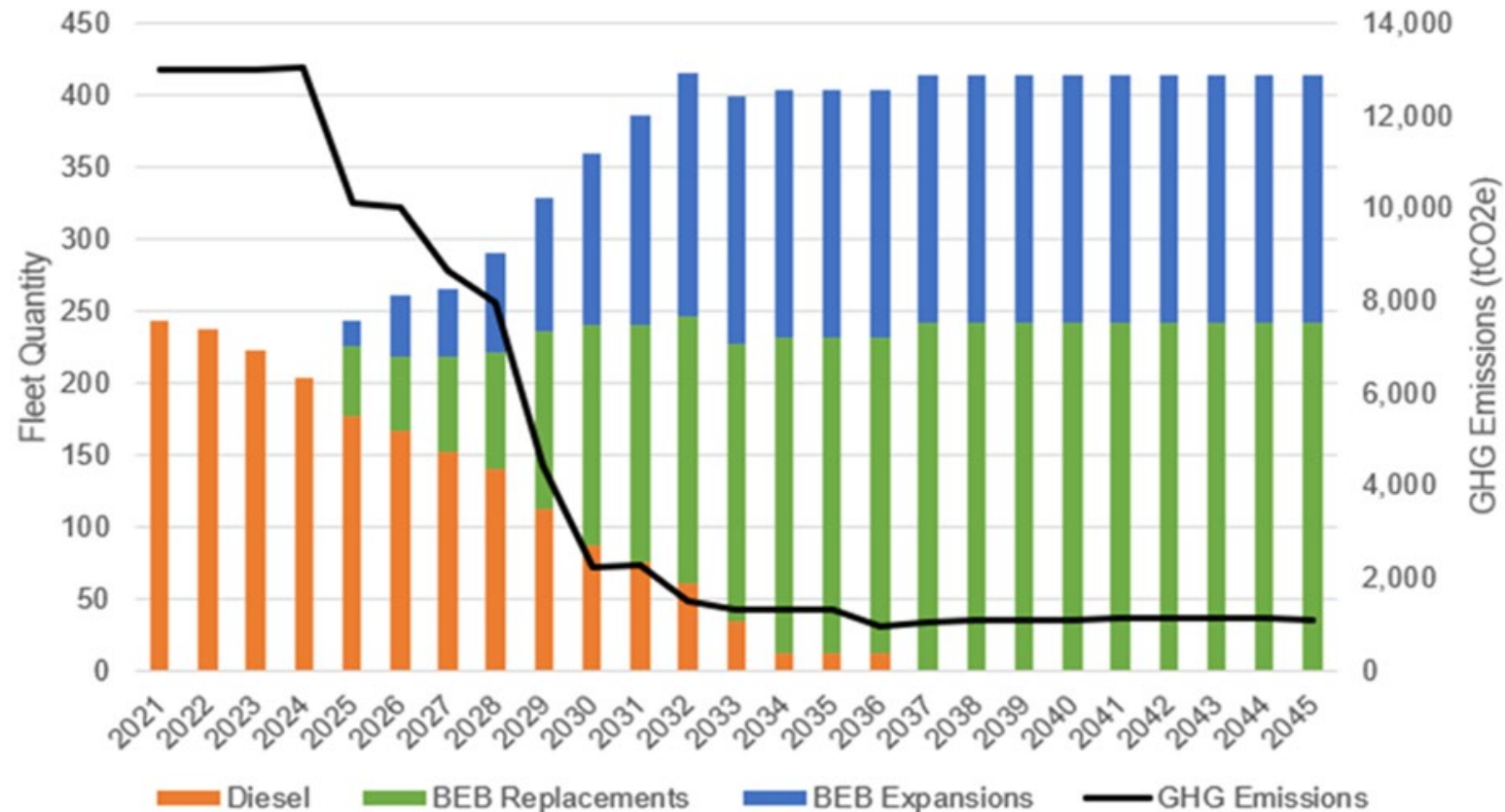
2032 Integrated Transit Network



- Network Infrastructure
 - Transit Hubs, Terminals, Stations
 - Real-time information
 - Accessible
- Connected
 - Rapid Transit Integration
 - TTC Line 2 – Scarborough Extension
 - Metrolinx LSE Regional Express Rail
 - Regional Integration: Toronto, York Region, Simcoe, Kawartha

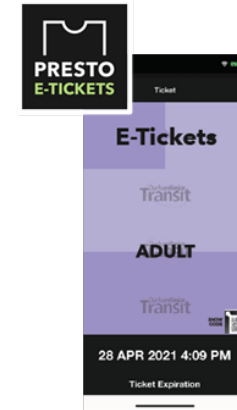
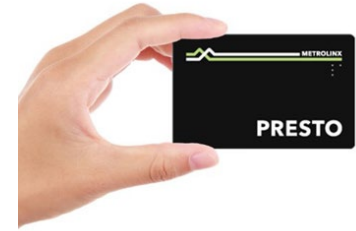
Transition to Zero Emission Vehicles

- E-Mission Zero fleet electrification plan approved by Council in June 2022
- 2037 target to transition fleet to zero greenhouse gas (GHG) emission vehicles
- Federal funding and financing available to support transition through 2026



Fare Modernization

- Proposed fare structure adjustments are consistent with DRT's Fare Strategy approved by TEC in December 2019
- Significant advancements made in the modernization of fare products including:
 - discontinuation of paper period passes
 - more than doubling use of PRESTO electronic fare payment
 - expanding channels including E-Tickets and open payment
- Continue to offer discounted fares for children (Kids Ride Free), youth, seniors and persons receiving social assistance benefits, in addition to U-Pass and bulk purchase program for school boards
- Transit Assistance Program (TAP) to be made permanent and eligibility expansion to other income-tested support programs to be reviewed



Proposed Fare Structure

- Fare adjustments proposed to be linked to any changes to the base fare on a proportional or trip equivalent basis
- For 2023, 10 cent adjustment proposed to base fare to take effect July 1, 2023
- Cash fare premium increased by \$0.25 from \$0.75 to \$1.00 per DRT Fare Strategy
- Base fare adjustments similarly applied to fare incentive programs
- DRT to review options for employer-based bulk purchase program

Fare Category		Current Fare	Proposed Structure	Proposed Fares effective July 1, 2023 (including \$0.10 base fare adjustment)	Per cent Change
Adult	Single Ride (PRESTO Card and E-Ticket)	\$3.25	Base fare	\$3.35	3.1
	Single Ride (Cash and PRESTO Open Payment)	\$4.00	\$1.00 over base	\$4.35	8.75
	Monthly Pass	\$117.00	36 trips at base fare	\$120.60	3.1
Child (aged 12 years and under)	All rides	Free	NA	NA	NA
Youth (aged 13-19 years)	Single Ride (PRESTO Card and E-Ticket)	\$2.90	90 per cent of base fare	\$3.00	3.4
	Single Ride (Cash)	\$4.00	Equivalent to Adult cash fare	\$4.35	8.75
	Monthly Pass	\$93.50	80 per cent of Adult pass	\$96.50	3.2
Senior (aged 65 years and over)	Single Ride (PRESTO Card and E-Ticket)	\$2.15	66 per cent of base fare	\$2.20	2.3
	Single Ride (Cash)	\$2.75	\$1.00 over single ride senior PRESTO fare	\$3.20	16.4
	Monthly Pass	\$46.00	40 per cent of Adult pass	\$48.25	4.9



DRT Charter Service

- Launch of DRT charter service proposed in 2023
- Enable public and third party booking of 12 metre DRT buses for transportation and event purposes
- Charter rates proposed at full cost recovery basis considering all expenditures (operation, supervision, planning, servicing) of vehicle
- Recommended rate is \$925.00 for a minimum four hour booking
 - \$505.00 for each additional bus
 - \$130.00 for each additional hour
- Report back as part of 2024 business plans and budget process on initial results and any program adjustments

Cost Pressures and Financing Opportunities

Cost Pressures

- Ongoing COVID-19 impacts and phase out of Safe Restart Funding
- Cost escalations and volatility in fuel, insurance, construction costs for new facilities
- Debt servicing implications on operating budget
- Bill 23 (More Homes Built Faster Act, 2002) impacts on transit development charges

Financing Opportunities

- Canada Infrastructure Bank
- Zero Emission Transit Fund
- Investing in Canada Infrastructure Program
- Federal Permanent Transit Fund
- Ontario Gas Tax
- Development Charges
- Reserves/reserve funds
- Fare adjustments
- Property tax increases

10-Year Durham Region Transit Forecast

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total 2023-2032
Service Hour Increases (Number of Hours)	27,178	69,882	65,701	68,512	64,678	65,243	66,799	69,482	76,096	78,824	652,393
Service Hour Increases (% Change)	5%	13%	11%	10%	9%	8%	8%	7%	8%	7%	
Budgeted Electric Bus Purchases	22	36	49	38	46	26	19	24	30	35	325
Electric Buses as a Percent of Bus Fleet	12%	29%	45%	55%	65%	72%	77%	82%	87%	91%	
Transit Gross Budget Requirement (\$'000's)	\$199,469	\$418,902	\$253,476	\$271,034	\$273,963	\$240,150	\$228,227	\$245,751	\$395,874	\$298,365	

Plan supports delivery of Council approved strategic priorities including:

- increasing transit service levels aligned with Transportation Masterplan
- transitioning DRT fleet to zero emission technologies
- investing in new transit innovations, infrastructure and passenger amenities
- modernizing DRT's fare structure

10-Year DRT Forecast Continued

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Increase in Transit's General Levy Requirement (\$'000's)	\$11,640	\$18,484	\$34,619	\$32,989	\$36,413	-\$24,705	-\$13,557	\$8,058	\$30,213	\$6,035
Increase in Transit's General Levy Requirement (% change)	17%	23%	35%	25%	22%	-12%	-8%	5%	17%	3%
Preliminary Modelled Impact On Overall Regional Tax Levy (% Change)	1.53%	2.39%	4.45%	4.15%	4.59%	-3.10%	-1.84%	1.08%	3.93%	0.76%

- Operating expenditures are projected to increase by \$132.9 million (131 per cent) from \$101.2 million in 2022 to \$234.1 million in 2032 with total capital expenditures estimated at \$1.1 billion over the 10-year plan
- Significant Regional investment required along with continued advocacy to senior orders of government for additional funding
- Forecast leverages all known senior government funding and assumes approval of federal Zero Emissions Transit grant funding for new Thornton Depot and electrification infrastructure
- Requires \$183.3 million in funding from reserves and reserve funds, \$127.2 million in development charges, \$101.2 million in provincial gas tax and \$184.2 million in debenture financing (annual debt servicing costs increase to \$17.5 million)
- Modelling of the potential property tax impacts is prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise
- The annual property tax impacts will be reviewed and updated annually based on funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts

Risk and Considerations

- Future sustainability of Ontario Gas tax funding and approval of federal funding
- Financial impacts of Bill 23 (More Homes Built Faster Act, 2002)
- Revenue/ridership recovery from pandemic (impacts on fare, U-Pass and advertising revenues)
- Debt servicing impacts, including the cost of borrowing
- Capital cost escalations
- Achievement of fuel and maintenance savings associated with fleet electrification
- Near term supply chain and labour challenges
- Uncertainty/volatility of fuel pricing, insurance
- Future infrastructure expansion as part of the Lakeshore East GO Train extension and Durham-Scarborough Bus Rapid Transit

Conclusions

- The Transit Service and Financing Strategy outlines the level of investment required to realize Council's vision for transit in the Region
- Building a first-class transit system in a world-class Region will require significant investment and funding from the Region and senior orders of government
- The 10-year Transit Service and Financing Strategy is a starting point:
 - will be subject to annual investment approvals through the Region's business planning and budget process
 - will be reviewed every four years, or earlier as necessary, as additional information and funding are made available
 - will be integrated into the Region's communication and intergovernmental advocacy strategies to further raise awareness of funding needs

Questions?

Uxbridge Hospital Redevelopment

Jo-anne Marr, President & CEO, Oak Valley Health

February 14, 2023

Uxbridge campus of care



- A New long-term care
- B New Uxbridge Hospital
- C Recently opened medical building - Oak Tree Medical Centre
- D New parking in place of old hospital location

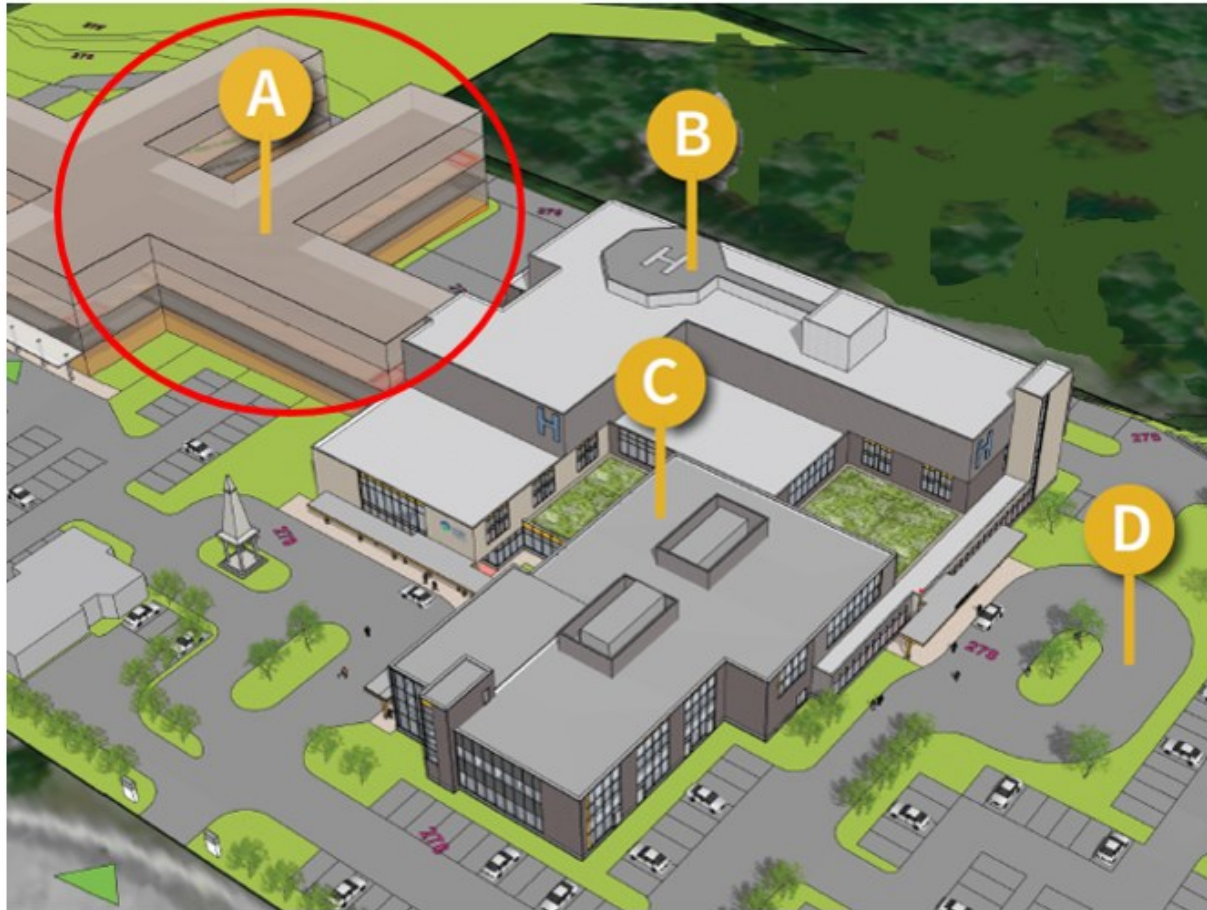


Population served by Uxbridge Hospital

2021/22 Emergency Department visits by municipality:

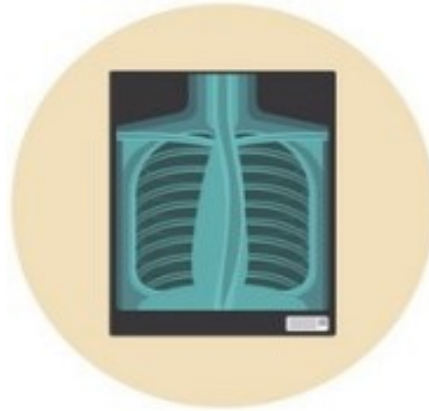
52.9%	➡	Uxbridge
12.2%	➡	Georgina & East Gwillimbury
11.8%	➡	Brock Township
5.6%	➡	Whitby, Ajax, Pickering & Oshawa
2.7%	➡	Scugog

Meeting long-term care needs



- A** New long-term care
- B** New Uxbridge Hospital
- C** Recently opened medical building - Oak Tree Medical Centre
- D** New parking in place of old hospital location

Enhanced services



Regional support

7.5%  **approx. \$10 million**

Thank You



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Elaine Baxter-Trahair, Chief Administrative Officer
Report: #2023-A-4
Date: Feb 14, 2023

Subject:

The Regional Municipality of Durham's Accessibility Advisory Committee's 2022 Annual Report and 2023 Workplan

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the CAO's Report #2023-A-4 be received for information as The Regional Municipality of Durham's Accessibility Advisory Committee's 2022 Annual Report; and
 - B) That the Regional Municipality of Durham's Accessibility Advisory Committee's 2023 Workplan be approved.
-

Report:

1. Purpose

- 1.1 The purpose of this report is to present the Accessibility Advisory Committee's (AAC) 2022 Annual Report and 2023 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 also 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.

4. Durham Region AAC 2022 Achievements

4.1 Events

- a. Each year Accessibility Awards are presented to champions within the Region. These awards acknowledge a person, business or an organization that have made considerable effort to incorporate accessibility into their operations or everyday life. Nominations are sought from each of the eight area municipalities. In 2022, awards were presented to:

- **Town of Ajax – Barb Dowds**

Barb Dowds was an Ajax Accessibility Advisory Committee member from 2010-2022. Throughout her tenure on the Committee, Barb served as Committee Chair for several years, and led numerous initiatives to identify and break down barriers in her community, including conducting facility site assessments, reviewing site plans, and helping staff set up mobility device obstacle courses at the bi-annual Library Accessibility Fair. In recent years, you could always find Barb taking part in the Accessible Ajax Information Station at Town community events or attending the ribbon cutting ceremony for the latest committee accomplishment, like installation of beach access-mats at the waterfront park, or at the ready for the Committee's #RespectTheSpace campaign.

- **Township of Brock – Brock Township Public Library**

The Brock Township Public Library is a three-branch system with facilities located in Sunderland, Cannington, and Beaverton. Throughout the pandemic, the Brock libraries have shown their dedicated commitment to diversity, equity, inclusion and accessibility for their patrons and community members through their advancements in provisions of service during the pandemic. They quickly and seamlessly responded to meet the needs

of their community by pivoting to online programming including virtual children's story times, curbside book pick-ups, and wifi-hubs for public use.

- **Municipality of Clarington – Kingsway Hardware**

Naveed Chico Khan is known for providing exceptional customer service at Kingsway Hardware in Clarington, particularly to those who have mobility issues or use mobility devices. Customers can call the store from a parking spot outside the business or go to the customer service desk to request their items and have staff bring the items to their car. Many residents say that although the store itself is not barrier-free, the owner, Naveed Chico Khan, goes out of his way to assist people and make their shopping experience easier. Mr. Khan's consideration of the needs of his community continues to bring people together in creating lasting friendships at their reliable one-stop shop.

- **City of Oshawa – Back Door Mission for the Relief of Poverty**

The Back Door Mission for the Relief of Poverty with the support of Simcoe Street United Church, began Project Mission United when it opened available spaces to be used as a collaborative and centralized service hub for people living unsheltered or marginally housed with limited access to essential supports. Project Mission United is a low-barrier access hub for essential services, social supports, and primary health care. This project provides wraparound client support services to individuals in Durham Region who are experiencing homelessness, housing insecurity, mental health and addiction concerns, and food access challenges.

- **City of Pickering – Peter Bashaw**

Peter Bashaw was appointed by Council to the Pickering Accessibility Advisory Committee (AAC) on October 28, 2013, and has been a high-performing AAC member continuously since that time. Peter's wisdom, judgement, technical expertise and fabulous networking skills have been invaluable to the Pickering Committee. Among many accessibility topics that Peter feels strongly about, his passion for advancing accessible housing and expanding employment opportunities for people with disabilities are especially noteworthy.

- **Township of Scugog – Two Blokes Cider**

Two Blokes Cider owners Matthew Somerville and Andrew Paul incorporated the Scugog Accessibility Advisory Committee's comments into the plan for Two Blokes Cider. This included an accessible pathway with a minimum width of one-and-a-half metres, having the entire structure at grade level to allow accessible access, and incorporating automatic doors to the facility and washrooms. Two Blokes Cider has created a gathering place for the community with sustainable farming practices at the centre of it all.

- **Township of Uxbridge – Uxbridge Lions Club**

The Uxbridge Lions Club is committed to creating spaces that are accessible for families of all ages and abilities so that everyone can participate together. They embarked on an

ambitious project of creating a universal playground at Elgin Park. They hope that by making the park universal, it will improve accessibility to the park for the entire community. The new park will incorporate sensory music play and opportunities for individuals, of all ages with differing abilities, to enjoy the space together in nature exploration, while enjoying a playground with wheelchair accessible features.

- **Town of Whitby – WindReach Farm**

WindReach Farm's LEARNING-4-LIFE adult day program redefined creativity during the COVID-19 pandemic when in-person programming was not possible. WindReach Farm adapted its program to connect with participants virtually to offer barn and local attraction visits, art projects and movie afternoons. Programming is now back on-site at 85 per cent capacity, welcoming many new faces to the program. In 2022, they expanded the program to add a second cohort Monday through Friday, to reach more adults of all abilities in Durham Region and beyond. Their wheelchair accessible wagon rides on the farm bring guests on an engaging sensory experience to take in the peaceful and expansive landscape, which is uniquely accessible to those who use mobility devices.

- **Durham Region – Mike Roche**

Mike Roche served on the Durham Region AAC from 2004 to 2022, the Durham Region Transit Advisory Committee, as well as the site plan sub-committee where he offered insights on accessibility for several key projects. Mike shared learning opportunities with his co-members and supported the Committee, Regional Council and staff in identifying, removing and preventing barriers to accessibility. Mike played an important role on the team to advocate and raise awareness on issues that impact people with disabilities in our community, improving the quality of life and participation of everyone who calls Durham Region home.

- Two AAC members sat on the Transit Advisory Committee and provided input on behalf of the AAC. In addition, they ensured that the AAC members are apprised of relevant information. The Council representative from the AAC also sits on the Transit Executive Committee (TEC), to make additional connections and share information. A sub working group of three volunteer AAC members was formed to assist the Rapid Transit Office with the Bus Rapid Transit shelter design in July.

4.2 Education – throughout 2022, the AAC received the following presentations for information:

- a. Judy Christianson, Program Coordinator for Accessible Documents, re: the Accessibility Widget Pilot. J. Christianson advised that the accessibility widget is an additional tool on the Durham Region website that allows users to access information specific to their individual needs. She noted that the widget is an optional item for the public to use to enhance the user experience. J. Christianson provided a live tutorial of how the widget works and discussed the options available which included colour contrast, highlight links, bigger text, text spacing, pause animations, dyslexia friendly, cursor options, tooltips, line height, and text align. She also provided a tutorial of additional options

including the move/hide option, the accessibility statement, how to report a problem, and the UserWay.org third party logo. J. Christianson responded to questions regarding whether the widget is available to lower tier municipalities in Durham Region; how to reactivate the accessibility widget; if any feedback was received from the public; and how the accessibility widget appears on cell phones.

- b. Mitch McFarlane, Museum Team Leader, Ontario Regiment Museum, re: Accessible Tank Ride Project. M. McFarlane advised that he is the project leader for Project Uplift which was developed to create devices to help load people safely into military vehicles that are on display at the Ontario Regiment Museum. M. McFarlane stated that the Ontario Regiment Museum in Oshawa is the largest operational military museum in the world. He advised there are approximately 120 military vehicles from before World War II up until 2006. M. McFarlane displayed pictures showcasing what the Ontario Regiment Museum offers such as the Aquino Tank Weekend; re-enactments; the Team involved with the Project Uplift project; vehicles selected to be part of Project Uplift; volunteers of the museum; Tank Weekend; and, the various military vehicles in the museum.
- c. Mohammad Saifan, Keegan Dsouza, Henik Patel and Ugesh Chitram, Ontario Tech University Students, re: Project Uplift – Ontario Regiment Museum Accessibility Initiative. M. McFarlane reported that the museum has been in contact with the Abilities Centre to request assistance and guidance on how to make the museum space more accessible within, and that the goal of the museum is to release the patent for the CAD Model to the world so that everyone can have access to it. K. Dsouza advised that the museum requested that students from Ontario Tech University create a mechanism that could assist people into the vehicles on display at the Ontario Regiment Museum that is suitable for both M113 and LAV III military vehicles. The most important requirement was the safety of the user and the device had to take into consideration criteria such as the material, strength, and structures. He stated that the ramp that was developed was designed to rise gradually rather than with a steep ascent to allow ease of use for individuals using wheelchairs, crutches, or walkers.
- d. Danielle Culp, Planning Analyst, Greg Pereira, Manager of Transportation Planning, Steven Kemp, Manager of Traffic Engineering & Operations, and Ashley Bridgeman, Solicitor, re: Regional Mobility By-law and provided a presentation with regards to the Regional Electric Kick Scooter By-law. D. Culp advised that many stakeholders have expressed the need for establishing clear regulations on where and how to enable safe operations of e-mobility devices. Staff have determined two separate approaches with one being an e-scooter by-law and the other being an amendment to the Regional Traffic and Parking By-law. D. Culp advised that a by-law would include devices such as electric kick scooters and power-assisted bicycles and would not include assistive mobility devices or an e-scooter fleet provided by vendors. D. Culp reviewed the Regional electric kick-scooter by-law timeline

including the process for assessment, engagement, finalization, and launch of the by-law. D. Culp reviewed the main concerns which were safe operating speeds; locations of where devices can be used; etiquette and enforcement; and, parking. She explained how the concerns are being addressed in the by-law.

- e. Yin Brown, Pinder DaSilva, and Mike Walker, Abilities Centre, re: Creating Accessible and Inclusive Communities: An Abilities Centre Model. Highlights of the presentation included LEAD objectives, themes, examples, process and impact. M. Walker advised that the LEAD process is still required even with legislation because barriers to accessibility and inclusion as a society are still being encountered. He also advised that the Abilities Centre wants to embed accessibility and inclusion within organizational frameworks and systems to create cultural change. M. Walker reviewed the objectives of the LEAD process. Y. Brown provided an overview of the steps of the LEAD process and stated that it is not just one time training, it is a process. She noted that following the evaluation of the organization, an improvement plan will be brought back to the organization for adjustments and a follow up plan.
- f. Jamie Austin, Deputy General Manager, Business Services, re: Whitby Autonomous Vehicle Electric (WAVE) Pilot Status and the Transit Assistance Program (TAP) Update. J. Austin discussed the preparations involved with the autonomous vehicle which included route design and scheduling; traffic measures and signage; standard operating procedures; integration with transit control; safety attendant training; safety committee and shuttle testing; first responder engagement; and COVID-19 precautions. J. Austin provided an overview of the accessibility initiatives involved with the autonomous vehicle which included a session hosted prior to launch with AAC members; policies and procedures created to ensure appropriate audible and visual route and stop announcements; ramp deployment angles and assessment at each stop; high visibility reflective tape added to the shuttle ramp; cabin lighting tested to ensure visibility during night operations; accessible bus pads installed along routes; and attendant safety training for the proper securement of mobility devices.

J. Austin continued with a PowerPoint presentation on the Transit Assistance Program (TAP) Update. J. Austin advised that the Durham Region Transit ACCESS Pass to end October 2022 and move to contactless options including the phase out of paper passes. He also advised that DRT is offering a special run of ACCESS Passes over the next 6 months which includes an attachment to educate riders that the ACCESS Pass is ending and transitioning to TAP. J. Austin advised that TAP is a PRESTO-based, reduced cost fare program for low-income persons receiving social assistance. He stated that TAP was introduced as a pilot program in November 2019 and has been extended through to 2023. J. Austin reviewed the summary of differences between the ACCESS Pass and TAP. He advised that customers are only required to confirm eligibility once every six months for TAP, whereas the ACCESS Pass customers were required to confirm eligibility every month. He

- also advised that the card for the TAP looks the same as PRESTO cards so that the pass does not identify the cardholder as a social assistance recipient.
- g. Nathan Gardner, Executive Director, Back Door Mission, re: Accessible Transportation – Usable Formats for the Vulnerable Sector. N. Gardner reviewed the vulnerable individuals who are served through Mission United which include individuals with mental health issues, addictions, illness or medical conditions, learning/cognitive limitations, physical limitations, and brain injuries. N. Gardner discussed the transportation barriers of using a PRESTO card for vulnerable individuals. He stated that implementing a change where individuals are required to use electronic formats for travel will result in an almost zero percent chance the individual will have a successful transition. N. Gardner discussed the various challenges for the vulnerable population; the need for the continuation of paper bus tickets; and the need for non-electronic formats of bus schedules and route maps. He stated that moving away from paper bus tickets can result in risk to the safety and access to services for vulnerable individuals.
 - h. Stephanie Bolton, Regional Services Coordinator, Spinal Cord Injury Ontario, re: Organization Overview. S. Bolton provided a PowerPoint presentation with regards to a Brief Introduction to Spinal Cord Injury Ontario's Programs and Services. Highlights of the presentation included: Spinal Cord Injury Ontario (SCIO) offices, services, the role of regional services coordinators, common questions from clients, peer program, peer mentorship for people with SCI, peer mentorship for family members, peer connections, SCIO employment services, four urgent public policy issues, Your Move, Ontario and the SCIO knowledge exchange.
 - i. David Dunn, Manager, Rapid Transit Office, and Jack Phelan, Program/Project Manager, Transit Operations, re: Median BRT Shelter Design. D. Dunn provided a brief overview of the project leading up to today from the Scarborough Town Centre to Downtown Oshawa. He advised that buses will use the median lanes and shelter infrastructure will be placed in the center of the road. D. Dunn discussed the intersection design and advised how pedestrians will cross the road and the safety precautions in place. J. Phelan provided descriptions for the median shelter platform design for the 3.6 meter shelter for constrained locations and the 4.2 meter shelter for standard locations.
 - j. Judy Christianson, Program Coordinator, and Lori Talling, Program Specialist – Tourism, re: 2023 Parasport Committee Access Now App. The presentation provided pictures of various parasports and examples within the Access Now app. J. Christianson advised that Durham Region is hosting the 2023 Ontario Parasport Games from February 3-5, 2023. She also advised that when Durham Region hosted the Parasport Games in 2019 they were recognized with many local, provincial, and national awards, including the Lieutenant Governor's Award for Economic Development Excellence. J. Christianson provided an example of a location pin and reviewed this within the Access Now app. She advised that prior to the 2023 Parasport Games beginning,

they will be working together with Boards of Trade and Chambers of Commerce across Durham Region to get as many business members reviewed and mapped as possible in the app.

- k. Rachel Bromberg, International Crisis Response Association, re: Durham Alternative Crisis Response. R. Bromberg advised that the purpose of the service is to create a civilian led team to respond to mental health, substance use, and social disturbance calls that do not involve violence or danger and do not require police. R. Bromberg advised that the service could be available through existing community safety infrastructure such as 911 and 211 and be led by crisis workers such as peer workers, social workers, nurses and EMTs, with specialized training in crisis response. R. Bromberg advised that the International Crisis Response Association has been engaged as a consultant to support Durham Region in exploring this service. R. Bromberg advised that the first stage of the plan was to conduct an environmental scan of existing community agencies, resources and assets and was completed in August 2022; the second stage of the plan was to develop and implement an extensive community engagement plan and was completed in September 2022; the third stage of the plan is to create a final plan with recommendations for developing the service; and the final stage of the plan is to support Durham Region with implementation and evaluation throughout 2023. R. Bromberg advised that there will be focus groups held between October and December 2022 to assist with community needs for the service with some sessions being held for specific populations including those with lived experience with mental health, substance use and homelessness; service providers; family members with lived experience; and, Black, Indigenous, and people with disabilities.
- l. Heather Hall, Business Owner, TeachAbility re: TeachAbility. H. Hall advised that she began her company, TeachAbility, after working at Participation House with adults with disabilities. She explained that TeachAbility is comprised of various components designed to help clients build skillsets to gain more independence and quality of life. H. Hall works with people of all abilities who live with various intellectual and physical disabilities. The program provides three-hour one-on-one sessions with her clients where she travels to various locations in the community wherever assistance and support is required. H. Hall provided an overview and shared a brief video presentation highlighting the services provided through TeachAbility and advised that the video is provided to customers requesting to learn more about the services offered.

4.3 Community outreach/advocacy

National AccessAbility Week (NAAW) 2022:

- Lunch N' Learn with Michael Jacques, author and person with autism and an intellectual disability. During this session Michael shared his brave story, witty personality, and positive outlook on life. His book "Can't Read, Can't Write, Here's My Book" is written by using an iPad's speech-to-text function. It is a down-to-earth collection of

compelling life stories and discoveries that teach us how to embrace and celebrate our differences. Michael, who never surrenders to the idea of “can’t,” spoke about topics such as learning, inclusion, advocating, independence, and the power of perseverance.

- First annual Durham Accessibility Conference “Build Back Better” presented in collaboration with the Abilities Centre. This was a free conference focused on breaking down barriers in Durham Region and providing fair access to services. The virtual conference included keynote speaker Maayan Ziv, Founder of AccessNow, and a panel discussion comprised of accessibility champions and community members.

5. 2023 Workplan for the Durham Region AAC

- 5.1 An AAC Workplan 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, 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 the work that 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. Conclusion

- 6.1 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.

Prepared by: Karen Wall, Accessibility Coordinator, at 905-668-7711, ext. 2009.

Approved by: Allison Hector-Alexander, Director, Diversity, Equity and Inclusion, at 905-668-7711, ext. 3893.

Respectfully submitted,

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Chief Administrative Officer
Report: #2023-A-5
Date: Feb 14, 2023

Subject:

Appointment of new members to the Durham Accessibility Advisory Committee (AAC)

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

That the following people be appointed to the Durham Accessibility Advisory Committee:

Mr. Jim McEwen – Community member; and

Mr. Adam Blum – community member.

Report:

1. Purpose

- 1.1 The Accessibility Advisory Committee's (AAC) Terms of Reference allow for an eleven-member committee. The purpose of this report is to facilitate two appointments for the positions of community member.

2. Background

- 2.1 Under the Ontarians with Disabilities Act, 2001 (ODA), Durham Region was obligated to form an Accessibility Advisory Committee (AAC). A second piece of legislation, Accessibility for Ontarians with Disabilities Act, 2005 (AODA) was proclaimed in 2005. However, the first Act was not repealed, and therefore, Durham must comply with both pieces of legislation. The requirement to have an AAC is still in effect.

3. Appointment of new members

3.1 The application process for the current nominees is the same as was for the original committee. After completing an application form an interview was held with each applicant. The selection criteria used to determine suitability to serve on the committee are:

- a. Knowledge of disability issues
- b. Experience with committees, volunteerism, community work
- c. Excellent communication skills
- d. Team building and collaboration skills
- e. Demonstrated commitment to projects/teams
- f. Ability to build trust and relationships.

3.2 Every effort is made to ensure that there is representation from people with a variety of disabilities, lived experiences and from different professional bodies.

The term of membership will correspond with the term of Regional Council and if a member resigns the Region will seek a replacement in accordance with the Terms of Reference.

Following Council's appointment of the membership, the first AAC meeting the new members will attend will be on March 28, 2023.

4. Relationship to the Strategic Plan

4.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal 2 – Community Vitality, specifically Priority 2.5 – Build a healthy, inclusive, age-friendly community where everyone feels a sense of belonging.

5. Community Member Appointment

5.1 Mr. Adam Blum is a resident of Port Perry and owns an immigration consulting firm. Mr. Blum has demonstrated a wealth of knowledge related to existing barriers for people with disabilities in his community and the Region. He has extensive knowledge of Durham Region programs gained through his experience as having two family members with disabilities and is the primary caregiver for one of his parents.

5.2 Mr. Blum has been involved in committee work and professional boards in the community such as the Education & Standards Committee for Immigration Consultants and the Schulich Open Arms Committee at York University. He is passionate about innovation and offering practical advice on how to improve access to supports and information for newcomers and people with disabilities.

His work involves providing expert advice for individuals and corporations regarding issues concerning Canadian immigration.

- 5.3 Mr. Blum meets the eligibility criteria for membership in accordance with the AAC Terms of Reference.

6. Community Member Appointment

- 6.1 Mr. Jim McEwen is a resident of Bowmanville and is a retired Professional Engineer. He was a designated municipal Engineer consultant for the Township of Brock, Scugog and Uxbridge. He is the President for the Durham Region Stroke Recovery Group and has extensive committee experience. Mr. McEwen has a passion for improving accessibility in Durham Region and is a person living with a disability. He is a strong advocate for improved policy for public services and local businesses to meet the AODA requirements set out for 2025.

- 6.2 Mr. Jim McEwen meets the eligibility criteria for membership in accordance with the AAC Terms of Reference.

7. Conclusion

- 7.1 It is recommended that Mr. Adam Blum and Mr. Jim McEwen be appointed as community members on the AAC.

8. Attachments

- 8.1 Attachment #1: Adam Blum's Resume **Under Separate Cover**

Attachment #2: Jim McEwen's Resume **Under Separate Cover**

Recommended for Presentation to Committee:

Original Signed By

Elaine Baxter-Trahair
Chief Administrative Officer



The Regional Municipality of Durham Information Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2023-F-4
Date: February 14, 2023

Subject:

Investment Portfolio Update

Recommendation:

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

Staff continue to investigate alternatives for transitioning to the prudent investor standard to assess its suitability for the Region's portfolio.

Report:

1. Purpose

- 1.1 This report is a second in a series to update Committee on current and future activities pertaining to Durham Region's investment portfolio. The purpose of this report is to provide information on the legislation governing municipal investments, eligible investments, investment policy and reporting requirements. This report also describes recent initiatives and discusses next steps for improving the ability to earn better returns on the investment portfolio.

2. Background

- 2.1 For all municipalities in Ontario, except for the City of Toronto, investment powers are governed by the Municipal Act, 2001 (Act). Section 418 of the Act clarifies that municipalities can only invest in prescribed securities according to the rules and conditions established by regulation. On March 1, 2018, the Municipal Act, 2001, Ontario Regulation 438/97 (Regulation) was amended to update Section 418 for new eligible investments and add Section 418.1 to provide municipalities with the option to invest under the prudent investor standard. Prior to this change municipalities were only allowed to invest in a prescribed list of securities, often referred to as the legal list.

- 2.2 The legal list approach represents the default set of provincial guidelines for all municipalities and restricts investment to a prescribed list of securities. The ability to invest is limited to the institutions and securities that are considered eligible under the Regulation. For example, Guaranteed Investment Certificates (GICs) issued by a Schedule I bank are considered eligible investments, whereas direct ownership in shares of a Canadian corporation is not considered an eligible investment. For a full list of permitted securities, please refer to [Part I: Eligible Investments](#) of the Regulation.
- 2.3 Qualifying municipalities who elect to become prudent investors can invest in any asset insofar as the portfolio is considered prudent for its circumstances. For a full description of the applicable rules for obtaining prudent investor status, please refer to [Part II: Prudent Investment](#) of the Regulation.
- 2.4 Durham Region's investments are currently restricted to the legal list of eligible investments permitted under the Regulation. The Region's Investment Policy sets a low to moderate risk tolerance level depending on investment terms, and the overall investing approach prioritizes compliance with legislation, capital preservation and liquidity when considering investment opportunities to maximize returns within the stated risk tolerance.

3. Previous Reports and Decisions

- 3.1 The Act states that before a municipality invests in a security prescribed under the regulation, the Council of the municipality shall adopt a statement of its Investment Policy and goals. The Region's current [Statement of Investment Policy and Goals](#) (Investment Policy) was approved by Council on January 26, 2022 (Confirming By-law #02-2022).
- 3.2 In accordance with the Municipal Act, 2001, Ontario Regulation 438/97, and the Region's Statement of Investment Policy and Goals, an investment report is prepared annually by the Treasurer to report on the performance of the investment portfolio for the prior fiscal year and compliance with the Region's Investment Policy. The 2021 investment report ([2022-INFO-68](#)) was included in the August 19, 2022 CIP package.
- 3.3 Council approved, through the 2020 annual budget, dedicated resources (Manager, Investment Portfolio and Senior Investment Analyst). The Manager, Investment Portfolio is now in place and recruitment for the Senior Investment Analyst is underway.

4. Discussion

Legal List

- 4.1 The legal list permits investment in a range of securities for municipalities that are ineligible for, or choose not to implement, the prudent investor standard.

4.2 Examples of investment options permitted under the legal list include:

- Canadian federal, provincial and municipal government or government-guaranteed bonds
- Short-term deposit and fixed-income securities issued by Schedule I, II or III banks, loan or trust corporations and credit unions
- Canadian corporate debt maturing in under 5 years
- Other prescribed investments such as commercial paper and arrangements for the sale of assets that entitle the purchaser to an undivided beneficial interest in a pool of assets (previously referred to as asset-backed securities)
- Shares of a Canadian corporation or Canadian corporate debt maturing in over five years accessed through ONE Investment portfolios

4.3 Issuing financial institutions for all deposit and debt related securities must satisfy the ratings and financial indicators identified in the legislation to be considered eligible investments. For example, Schedule I bank deposits or debt with maturities over two years must be ranked as “A-” or higher.

4.4 Under the legal list approach, no formal governance model is required under Ontario Regulation 438/97. Municipalities maintain full control and management of all investments purchased with public funds and no delegation of investment powers or duties to investment boards are required.

Prudent Investor Standard

4.5 Section 418.1 of the Municipal Act, 2001 that authorizes municipalities (other than the City of Toronto) to opt into the prudent investor regime was proclaimed in force, effective March 1, 2018. This included regulatory amendments that set out the requirements around eligibility criteria, the governance framework, and the rules for municipalities investing together as a group. Municipalities that opt into the prudent regime will no longer be restricted to a prescribed list of investments.

4.6 Municipalities utilizing, or in progress of accessing prudent investor powers using an independent investment board, include the Cities of Toronto, Ottawa and Barrie. There are currently nine municipalities accessing the prudent investor standard through the ONE Joint Investment Board: The Cities of Kenora, Thunder Bay and Quinte West, District Municipality of Muskoka, Municipality of Neebing and Towns of Bracebridge, Huntsville, Innisfil, and Whitby. It should be noted that the current ONE Joint Investment Board is more appropriate for smaller municipalities as its portfolios could be distorted by larger municipalities such as Durham Region.

4.7 As an entity that satisfies all eligibility criteria, the Region can transition to the standard under one of three approaches:

- I. Establish an independent investment board (IB);

- II. Establish a joint investment board (JIB) with one or more other municipalities;
or
 - III. Invest through an existing IB or JIB (e.g., ONE Investment).
- 4.8 Adoption of the prudent investor standard requires the passage of a new irrevocable by-law. A municipality is only required to satisfy the eligibility criteria at the time of adoption and approval of the by-law. To opt out of the prudent investor standard, a municipality would require a regulation of the Lieutenant Governor in Council. If alternative service providers exist, there is also the option to switch investment boards to achieve investment objectives more effectively.
- 4.9 A qualifying municipality can invest in any security insofar as the portfolio is considered prudent for its circumstances, as opposed to the prescribed legal list of investments permitted by the province. There are no restrictions on securities but requires investors to construct a portfolio with the care, skill, diligence and judgment of a prudent investor. Example investments could include global bond or equities and even illiquid assets such as real estate.
- 4.10 As a prudent investor, a municipality must delegate its control and management over funds deemed not required immediately (i.e., long-term funds) to a professionally managed investment board. The Region would continue to have investment oversight for short-term funds required for operating purposes.
- 4.11 Council retains strategic direction over assets managed by the investment board and guides the activities of the professional fund managers through its Investment Policy which defines risk and return objectives and liquidity requirements for long-term funds. Council must review and, if necessary, amend the policy at least annually.

5. 2022 Highlights

Investment Policy update

- 5.1 The Investment Policy adopted in January 2022 allows access to a broader range of securities, providing staff with additional flexibility and guidance when choosing investments. It also supports the goal of diversifying investments to improve portfolio returns, enhances the ability to achieve stated objectives, and facilitates the implementation of a more active investment strategy, subject to the legality, capital preservation and liquidity objectives within the policy.

Active Investing

- 5.2 The volume of transactions has increased significantly in the last year to capitalize on investment and redemption opportunities. This includes a return to the capital markets after a four-year hiatus. On average, the number of transactions for 2022 is more than double the amount from the pre-pandemic period.

Environmental, Social, and Governance (ESG) investing

- 5.3 ESG securities are employed to increase exposure to organizations that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business. Global ESG assets are expected to exceed \$53 trillion USD in 2025, more than a third of projected assets under management¹. In a 2022 survey of global investors, over 45% of respondents, representing over \$42 trillion USD, indicated that they incorporated ESG considerations in their investment decisions². ESG securities represent approximately 1.6% of the portfolio and are allocated amongst Social (0.3%) and Green bonds (1.3%). ESG bond issuers in the portfolio include the City of Toronto, CPP Investment Board, Ontario Teachers Pension Trust and Government of Canada (Ukraine Sovereignty bond).

Increased Equity exposure

- 5.4 Equity exposure through the ONE Canadian Equity fund increased to 3.6% in 2022 from 1.6% at the end of 2021. The equity allocation was increased using a disciplined dollar cost averaging strategy to mitigate the impact of market volatility. Committing funds to equities enhances long-term returns over 10 years or more.

GIC Ladder

- 5.5 Surplus cash and maturing funds were used to implement a 5-year GIC ladder during the year. This approach enhances cash flow flexibility, mitigates the impact of interest rate fluctuations and encourages diversification by issuer to improve returns or lower risk. The average rate or return across all terms is approximately 4.1%.

Average Term to Maturity (Duration)

- 5.6 Strategic decisions to implement a GIC ladder, increase equity exposure and incorporate longer term bonds have extended the average term to maturity for assets held in the portfolio, allowing staff to lock in returns over longer periods of time. The average duration of the portfolio increased by half a year in 2022.

Increased Diversification

- 5.7 Staff were able to source investments from several new issuers to mitigate concentration risk in the portfolio from being exposed to a few large entities. This involved shifting funds to high credit quality municipal, provincial and federal bonds from Schedule I banks.

1 <https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>

2 https://www.rbccm.com/assets/rbccm/docs/insights/rbc_capital_markets_global_esg_credit_investor_survey.pdf

Liquidity Optimization

- 5.8 Deposits held in High Interest Savings Accounts (HISA's) at banks were minimized to achieve better returns while maintaining liquidity. This involved utilizing short-term GIC's, redeemable securities and government bonds to generate higher returns.

Enhanced Returns

- 5.9 Capital markets were extremely volatile throughout 2022 but fixed income investment yields were boosted by a 4.0% increase in the Bank of Canada overnight rate. Taken into consideration with a more active investing approach and trading strategies, the average rate of return on the portfolio increased by approximately 0.70%, or \$25.5M in value.

Collaboration with Local Municipalities

- 5.10 Investment and networking opportunities continue to be shared with Area Treasurers. Investment Portfolio Division staff are willing to offer advice and support as a subject matter expert to local municipalities on issues related to investments or debt issuances.

New Accounts & Relationships

- 5.11 Several new relationships were established to improve knowledge and access to investment securities and market research. While not all resulted in new business, staff were successful in opening an account with BMO Nesbitt Burns to gain access to structured products which may offer enhanced return potential in the future.

6. Next StepsCash Flow Forecast Enhancement

- 6.1 Investment staff have already updated calculation methodologies and initiated discussions within Finance with a view to improving the accuracy of short and long-term cash forecasts. This is an integral step in developing reliable estimates of surplus cash which will inform investment decisions and match cash flows with growth capital, asset management and debenture repayment requirements. Reserve and reserve fund forecasts and long-range financial plans will be consulted throughout the process to ensure all relevant data is considered.

Trading Efficiencies

- 6.2 To streamline trade execution and settlement processes, investment staff will acquire a Bloomberg terminal and enable online custodial transactions, respectively. These endeavours will not only significantly decrease the amount of

time spent negotiating and settling trades, but also improves the safety and security of transactions and investments.

Prudent Investor Analysis

- 6.3 Investment staff will consider alternatives for transitioning to the prudent investor standard to assess its suitability for the Region's portfolio and update Council. This analysis will assess the merits and limitations of creating a new investment board or joint investment board or joining an existing investment board. There are numerous requirements for adoption and creating and operating an IB or JIB so careful consideration will be paid to potential resourcing constraints of developing an independent investment board. Investment staff are aware that efforts are currently underway by ONE Investment to establish a joint investment board with a limited number of large municipalities and will evaluate that potential solution as more details become available. As a general ballpark, it is estimated that costs to implement a full prudent investor investment regime are in the vicinity of \$1 million. There are also ongoing costs for the JIB, compliance costs with the Ontario Securities Commission, custodial and audit fees as examples.

Durham Investment/Debt Forum

- 6.4 Investment Division staff will work with local municipal staff to implement a monthly forum to discuss and review topics related to investments and debenture issuances. The goal is to provide a forum for collaboration, information gathering and knowledge sharing amongst members. The Region, specifically, can offer feedback on investment policies, networking opportunities with contacts, facilitate enrollment in the ONE Investment program or assist with evaluating investment ideas or service providers etc. Regional staff will also continue to assess further opportunities, outside of the prudent option, to support and assist local municipalities to maximize their investment returns.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- i. Goal 5.4 Service Excellence – This report demonstrates the commitment to effective, responsible financial management and provision of exceptional value to Durham taxpayers by identifying opportunities to drive organizational success through innovation, a skilled workforce, and modernized services.

8. Conclusion

- 8.1 The update to the Region's Investment Policy was a significant step towards implementing a more active investment strategy and improving the ability to generate new revenues by implementing a more diversified portfolio. Changes to the policy facilitated the optimal use of available funds within the overarching

objectives of the Investment Policy to generate increased investment income, subject to other external factors, such as market conditions.

- 8.2 Municipal investments are an important source of financing and as Durham Region continues to grow and ratepayer needs increase, additional revenues will be required to mitigate tax increases and balance long-term cash flow needs and funding challenges with future capital budgeting requirements. Cash flows generated from investments can be structured to match expected capital expenses in the future by aligning investment life cycles with municipal asset management plans for repair, replacement, and creation of local infrastructure.
- 8.3 Establishing a process that is reflective of best practices where long-term financial plans inform investment decisions will require a coordinated effort between Finance and departmental business partners. Ideally, this exercise would include the forecasting of anticipated cash flows associated with approved growth capital projects, debt repayment or asset management requirements. An enhanced reserve and reserve fund forecast to identify long-term funds will be a prerequisite for transitioning to the prudent investor standard.
- 8.4 Finance staff are committed to collaborating with the local Area Treasurers to determine effective partnership/support opportunities and will include updates in future reports.
- 8.5 Efforts to creatively diversify the portfolio within the parameters of the Investment Policy to improve returns and mitigate risk are ongoing and investment staff are continuously researching new securities, establishing relationships with investment providers and reviewing best practices with municipal peers. Portfolio activities and investment strategies will continue to be communicated to Council on a regular basis.

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: #2023-F-5
Date: February 14, 2023

Subject:

Transit Service and Financing Strategy (2023 – 2032)

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That the 10-year plan to phase investment in transit service enhancements, electrification, and new facilities and amenities be approved in principle subject to annual investment approvals through the Region's business planning and budget process, and that the 10-year plan be reviewed every four years or earlier as necessary in consideration of new information that may impact plan delivery, financing and timelines;
- B) That given the current level of funding to Durham Region Transit supports a significantly lower service level than that provided by our comparators, and that the 10-year plan requires a long term, not a one year commitment, to achieve the outcomes needed, that annual incremental increases for Durham Region Transit be acknowledged at a starting increase of approximately 2 per cent per year on the overall Regional tax levy with a goal to incorporate new funding opportunities that may arise annually to smooth annual tax levy impacts where possible;
- C) That staff enhance advocacy for sustained, incremental, targeted funding from the Provincial and Federal governments to support the funding gaps identified in this 10-year plan;
- D) That the General Manager of Durham Region Transit and the Commissioner of Finance be authorized to implement a 2023 charter service rate for standard 12 metre transit buses on a cost recovery basis at \$925.00 per hour for a minimum four hour booking, with a rate of \$505.00 for each additional bus and \$130.00 for each additional hour;

- E) That the proposed DRT Fare Structure listed in Attachment 2 of this report be approved establishing a base adult fare and associated discount or trip rates for each fare category ensuring the proportional application of any future adjustments to the base fare is maintained; and
 - F) That DRT fares be adjusted with a \$0.10 increase to the base fare to take effect on July 1, 2023 as detailed in Attachment 2 of this report.
-

Report:

1. Purpose

- 1.1 This report provides a comprehensive multi-year plan for Durham Region's transit services and financing strategy, including consideration of key strategic priorities over the next ten years encompassing transit service enhancement and growth, fleet electrification, new infrastructure and passenger amenities, and fare modernization.
- 1.2 As Durham Region emerges from the COVID-19 pandemic, public transit will play a critical role in its recovery helping connect people to employment and educational opportunities, supporting travel to shopping, dining and tourism destinations, and ensuring that Durham's at risk residents have access to the essential mobility services and supports they require. Rapid transit expansion, including Bus Rapid Transit construction and new GO Stations, is planned to be an economic catalyst creating jobs and spurring transit-oriented development that includes affordable housing within dynamic and inclusive communities. DRT service enhancements and innovations will ensure transit is a real option for more and more Durham residents and visitors, helping to reduce traffic congestion and the resulting wear and tear on Region and local municipal road infrastructure. DRT's E-Mission Zero Fleet Electrification Plan will showcase Durham's leadership in transitioning to zero greenhouse gas emission technologies offering cleaner and quieter vehicles.
- 1.3 Elevating transit as a priority within Durham to meet existing customer expectations, attract new customers, and ensure the Region's overall competitiveness to support economic and population growth will require significant investment by the Region. This report provides a forecast of DRT investment requirements necessary to achieve Durham's priorities and goals as a rapidly growing, economically competitive and livable region. The current 10-year forecast leverages all known and available federal, provincial and Region funding and financing sources. However, a significant funding gap has been identified from 2024 to 2032 that will require various priorities to be strategically phased, given forecasted financial constraints and opportunities.

- 1.4 Implementation of the 10-year Transit Service and Financing Strategy will be subject to approval of annual investments through the Region's business plans and budget process, and will be reviewed every four years, or sooner, as additional information and funding opportunities become available. However, it is acknowledged that ongoing incremental property tax increases will be required annually at a starting increase of approximately 2 per cent per year on the overall Regional tax levy. Further financial investments will be required, such as those available through the federal permanent transit fund to be implemented in 2026/27, to achieve the transit vision outlined in this plan.

2. Background

- 2.1 Durham Region's 2017 Transportation Master Plan requires DRT and public transit to significantly contribute to addressing the Region's transportation needs through 2031, recognizing the role of transit in "building a healthier and more inclusive community".
- 2.2 Improving access to transit and providing a frequent and reliable transit network is also instrumental to advancing other strategic priorities of Durham Region, including the Economic Development Strategy and Action Plan, Multi-year Accessibility Plan, Age-Friendly Strategy and Action Plan, Community Climate Change Local Action Plan, and the Community Energy Plan.
- 2.3 Regional Council has supported transit through annual investments to support current service delivery levels. Significant investment is required over the forecast period to increase transit service levels to align with Transportation Master Plan targets and transit investment levels in other GTHA municipalities as this report moves the Region and DRT beyond a business as usual strategy but rather a fundamental shift in service delivery.
- 2.4 Transit in Durham has also been supported by federal and provincial government funding, including:
 - Investing in Canada Infrastructure Program (ICIP) Transit Stream funding – The Region's allocations under this program includes approximately \$95 million in federal funding and \$79 million in provincial funding that, when combined with \$63 million in Regional contribution, results in \$237 million in total program-eligible transit investment in Durham. Eligible ICIP project costs are cost shared at a rate of 40 per cent federal, 33.33 per cent provincial and 26.67 per cent municipal responsibility. Ineligible ICIP costs are 100 per cent Regional responsibility and are estimated at \$31.17 million including approximately \$26.51 million in land acquisition costs for Bus Rapid Transit projects and \$4.655 million for the demolition of DRT's Raleigh administration building;

- Canada Community-Building Fund (formerly known as the Federal Gas Tax Fund – DRT has received \$12.1 million in federal funding from the Region’s annual Canada Community-Building Fund allocations since 2019 to support the acquisition of its first battery electric buses and charging infrastructure;
- Provincial Gas Tax – Durham Region receives approximately \$9.0 million in annual gas tax revenues from the Province to support public transit. In past years, DRT has used this funding to support fleet replacement, state of good repair needs and an allocation to fund ongoing operating costs; and,
- Safe Restart Agreement - The federal and provincial governments have made available pandemic recovery funding to municipalities and transit agencies under the Safe Restart Agreement to assist with the impacts of lost revenue and pandemic-related expenditures (e.g., enhanced vehicle cleaning, personal protective equipment, bio-shield installations for bus operators). Since 2020 DRT has received a total of \$30.85 million in Safe Restart funding through December 31, 2022. It is unknown at this time whether additional Safe Restart funding will be made available to transit agencies in 2023 and beyond despite the ongoing financial impacts on transit agencies as ridership continues to recover.

3. Previous Reports and Decisions

- 3.1 The Durham Region Transportation Master Plan was approved by Region Council on December 13, 2017 ([Report #2017-COW-268](#)).
- 3.2 The Durham Region Transit Fare Strategy, describing DRT’s five-year objectives with respect to its overall fare structure and transition to electronic fare payment channels, was approved by TEC at its meeting on December 4, 2019 ([Report #2019-DRT-25](#)).
- 3.3 A report recommending the extension of DRT’s Transit Assistance Program (TAP) for customers in receipt of Ontario Works or Ontario Disability Support Program assistance ([Report #2021-DRT-06](#)) through April 2023 was approved by TEC on April 7, 2021.
- 3.4 On June 23, 2021, Regional Council approved [Report #2021-COW-12](#) which proposed a design for endorsement as the Preferred Technical Option for Metrolinx to advance the Transit Project Assessment Process (TPAP) for the Durham Scarborough Bus Rapid Transit Study. Subsequently, through [Report #2021-F-24](#), related adjustments to the financing strategy of the Region’s share of Investing in Canada Infrastructure Program (ICIP) - Transit Stream Bus Rapid Transit (BRT) projects were approved by the Finance and Administration Committee on September 14, 2021 and by Regional Council on September 29, 2021. Information on the status and financing of all ICIP – Transit Stream projects was last provided through [Report #2020-DRT-20](#) (October 7, 2020) and [Report #2020-F-19](#) (October 28, 2020).

- 3.5 DRT's The Route Ahead 2022-2025 Service Strategy ([Report #2021-DRT-20](#)) was approved by TEC at its meeting on September 8, 2021 to inform the planning and implementation of transit services during the pandemic recovery period to support mobility needs of Durham residents and businesses.
- 3.6 At its meeting on December 8, 2021, TEC received a report on ridership growth potential through accelerated investment in revenue service ([Report #2021-DRT-32](#)) describing potential options for public transit service enhancements above and beyond historical annual service increases to achieve service levels comparable to peer jurisdictions.
- 3.7 At the June 8, 2022, TEC meeting, the June 14, 2022 Finance and Administration Committee meeting, and the June 29, 2022 Region Council meeting, DRT's E-Mission Zero Fleet Electrification Plan ([Report #2022-DRT-10](#) and [Report #2022-F-16](#)) to transition all revenue and non-revenue fleet vehicles to zero greenhouse gas emission technologies by 2037 was endorsed and referred to DRT's long-term servicing and financing strategy to be presented to Committee and Council in advance of the 2023 Business Plans and Budget.
- 3.8 Region Council approved the new Regional Transit Development Charge By-law ([Report #2022-F-15](#)) at its meeting on June 29, 2022, with new residential and non-residential rates taking effect on July 1, 2022 which, under changes to the Development Charges Act from Bill 23 (More Homes Build Faster Act, 2022), were reduced by the new phase-in requirements (e.g. reduction of 20 per cent effective November 28, 2022, 15 per cent effective July 1, 2023, 10 per cent effective July 1, 2024, 5 per cent effective July 1, 2025) with full development charges fees not applicable until July 1, 2026.
- 3.9 At its meeting on December 22, 2022, Region Council approved a report ([Report #2022-COW-33](#)) endorsing staff-level feedback and recommendations on Bill 23 (More Homes Built Faster Act, 2022). The report noted that the various reductions and exemptions included in Bill 23 will require a larger portion of infrastructure costs to be paid from property taxes and water and sewer user rates, impacting both existing residents and businesses. Under Bill 23, the Region's transit development charges are subject to a mandatory five-year phase-in which applies to new by-laws established on, or after, January 1, 2022. This is estimated to have a \$6.3 million negative impact on transit development charge funds between 2023 and 2027.
- 3.10 On February 1, 2023 Regional Council approved [Report #2023-F-2](#) authorizing staff to undertake the public process required to establish a new Region-wide Development Charge By-law and to amend the Regional Transit Development Charge By-law to ensure policy alignment between the two by-laws.

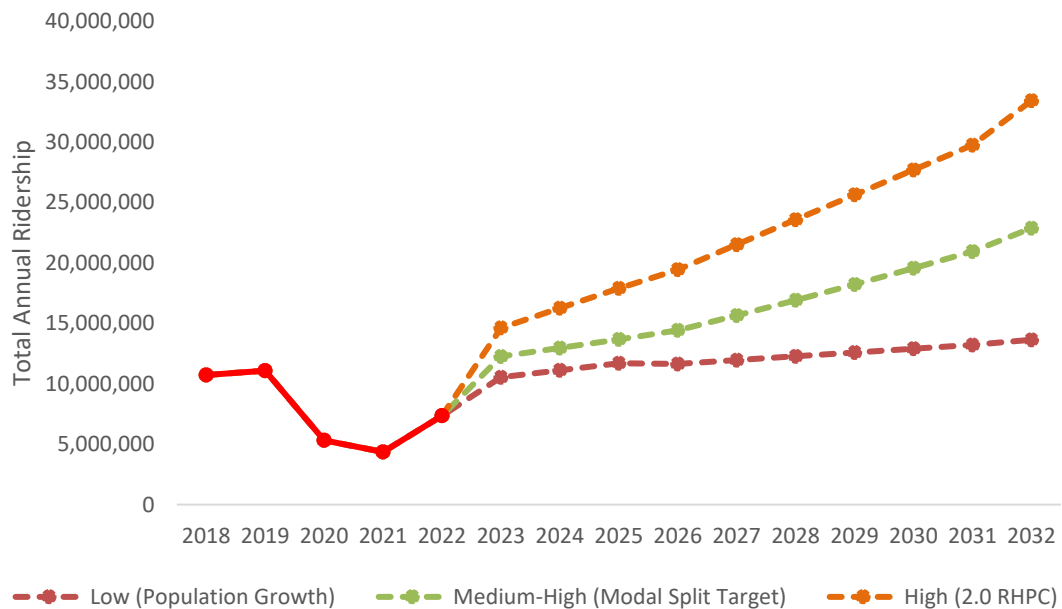
4. Transit Service and Financing Strategy – Strategic Priorities

A Foundation for Success

- 4.1 Realizing the full benefits that transit can offer means putting in place an essential foundation for its success. Strong land use policies are key to promoting and incentivizing growth at transit stations and corridors, ensuring the locations where we live, work and shop are all within easy distance and access to transit options that maximize existing infrastructure. It helps grow demand for the service, establishing the fiscal and operational case for increased service frequencies, and strengthening the return on investment. Mixed land use and successful transit are further bolstered by a grid-like road network with high connectivity, including a robust multi-modal pedestrian and cycling system making it easy to access transit stops and stations.
- 4.2 Conversely, land use policies enabling continued low density greenfield expansions necessitate the linear extension of service and infrastructure into new peripheral subdivisions. Public transit service must travel longer distances to pick up fewer passengers, incurring higher operating costs to maintain existing service. Circuitous or dead-end roadways can further increase walking distances, and ultimately reduce the share of trips that are made by transit. The potential for ridership growth is low as is the return on the public transit investment. In the absence of sustained and growing ridership that supports increased service frequency, the service must rely on higher property tax subsidy levels to be sustained, or alternative service delivery models where fixed-route ridership at a regular frequency cannot be supported.
- 4.3 DRT is committed to ensuring that transit is offered equitably to all residents of Durham, however, at 2,500 square kilometers, its service area is vast relative to other transit agencies (largest of all GTHA transit systems). On average, DRT buses travel approximately 70,000 kilometers per year, accumulating a total of 14.5 million kilometers across the fleet annually.
- 4.4 The frequency and span of transit service remains tied to land use and road design, which directly contribute to transit demand. The continued outward expansion of low density developments will exacerbate this challenge, requiring longer trips, leading to more fuel consumption and added wear and tear on DRT's fleet. DRT continues to work with the Region's Planning and Economic Development Department, local municipal planning departments and Metrolinx, to advise on land use planning studies and development applications. The objective is to ensure that development is transit supportive, optimizes transit infrastructure, and can enable the provision of transit service for residents and businesses across Durham Region without placing added pressure on property taxes and/or fares to sustain and grow service levels. This is even more critical in light of recent changes resulting from Bill 23 (More Homes Built Faster Act, 2022) placing responsibility for land use policies focusing growth and intensification at transit-supportive locations entirely with local area municipalities.

Ridership Recovery and Outlook

- 4.5 The COVID-19 pandemic had significant impacts on public transit in Durham Region and across Canada. In 2019, DRT realized its highest ever annual ridership totalling more than 11 million rides. The arrival of COVID-19 in March 2020, and the introduction of public safety measures that limited all but essential travel, contributed to a substantial and swift reduction in DRT ridership levels. Annual ridership for 2020 fell more than 50 per cent from 2019. 2021 ridership, the first full year of the pandemic, saw ridership at 40 per cent of 2019 levels. 2022 ridership has revealed more positive signs of recovery, reaching 66 per cent of 2019 levels for the year (including more than 80 per cent of 2019 levels in December). Weekly ridership in January 2023 has reached over 90 per cent of pre-pandemic levels.
- 4.6 DRT fare revenues experienced a similar decline throughout the pandemic, which included a three-month fare suspension from late March 2020 through June 2020 due to safety considerations for DRT employees and customers, and a 15-month suspension of the U-Pass agreement with Durham's post-secondary institutions. 2020 and 2021 fare revenues were down more than 50 per cent compared to 2019 levels. Consistent with ridership trends, 2022 has signalled indications of recovery. 2022 fare revenues exceed budget targets achieving 70 per cent of 2019 levels (with fare revenues topping 80 per cent in the fourth quarter of the year).
- 4.7 During the pandemic DRT took steps to adjust transit service levels in accordance with reduced demands to manage the fiscal impacts on the Region. This included expanding DRT's On Demand service across all rural areas and lower demand urban areas to ensure all Durham residents continued to have access to public transit service. DRT's On Demand service now supports an average of 3,000 weekly trips, and has been recognized by the Association of Municipalities of Ontario and U.S.-based Metro Magazine with awards for innovative and cost effective mobility solutions that improve service for customers.
- 4.8 Looking forward, reliable and accessible public transit will be critical to DRT's future. With uncertainty remaining with traditional commuter markets (particularly travel to key employment areas such as downtown Toronto), the focus remains on Durham's local market. DRT is anticipating reaching and exceeding pre-pandemic level ridership by 2025. Ridership growth over the next decade will be tied closely to the level of service investment made, and the objective to raise the level of transit service available in Durham on a revenue hour per capita basis to be more competitive with other GTHA jurisdictions such as Brampton and Mississauga (i.e., 2.0 revenue hours per capita). Service level growth in line with the Council approved Transportation Master Plan is presented in Figure 1 below as a mid-range scenario that would see ridership grow to more than 22.9 million annually by 2032, more than double DRT's peak ridership of 11.1 million in 2019 and reaching a revenue hour per capita of approximately 1.4. Service investment to achieve this scenario has been reflected in the financial modeling for this plan.

Figure 1: 10 Year Ridership Forecast Model

- 4.9 Realizing this level of transit ridership growth over the next decade will require not just investment in service levels, but the development of key rapid transit infrastructure supporting frequent and reliable connectivity throughout Durham's transit network. This includes station development along with the extension of GO's Lakeshore East train service to Bowmanville, continued construction of the Durham Scarborough Bus Rapid Transit priority infrastructure on Highway 2, and advancement of higher order transit along Simcoe Street in Oshawa. Also key is transit supportive land use and development decisions that direct and incentivize growth at transit station areas and along transit corridors.

Service Enhancement

- 4.10 The need for increased investment in transit service and infrastructure marks the ongoing transformation of DRT from a small, young transit system serving individual municipalities, to a large regional transit system delivering an integrated network of mobility services to one of Canada's fastest growing and dynamic municipal regions with a population expected to grow to nearly one million by 2031.
- 4.11 Common customer concerns raised with current transit service levels in Durham Region relate to long wait times in certain areas, lengthy walking distances to access a bus stop, lack of enough routes or limited service span (i.e. start and end times for service), as well as concerns with service reliability. Customers expect that the level of transit service in Durham Region rivals those of transit agencies elsewhere in the GTHA.

- 4.12 For Durham Region, service enhancement will be integral to economic development and competitiveness on an international level by enabling seamless and timely travel to employment opportunities within the Region, such as the Seaton employment lands and federal airport lands in Pickering, the Courtice Energy Park in Clarington, and other existing and developing employment centres across the Region. The Toronto Region Board of Trade, in its November 2021 report “Next Stop Building Universal Transit Access”, recommended the launch of region-wide 10-minute frequency service standards to enable “turn up and go” travel on all major routes ensuring that all residents of the region have access to jobs, education, and other opportunities.
- 4.13 Key to meeting these expectations is the number of revenue service hours that DRT is budgeted to deliver each year. Figure 2 shows DRT annual ridership from 2006 through 2021 (represented by the bar chart) overlayed with the annual revenue service hours (represented by the line graph). A clear relationship is evident in the chart between the number of service hours delivered and total ridership. During the six-year period of 2006-2012, revenue service hours increased by 33 per cent, with a corresponding ridership increase of 48 per cent. Over the six-year period of 2013-2019, revenue service hours increased by seven percent, with ridership growth of four per cent.

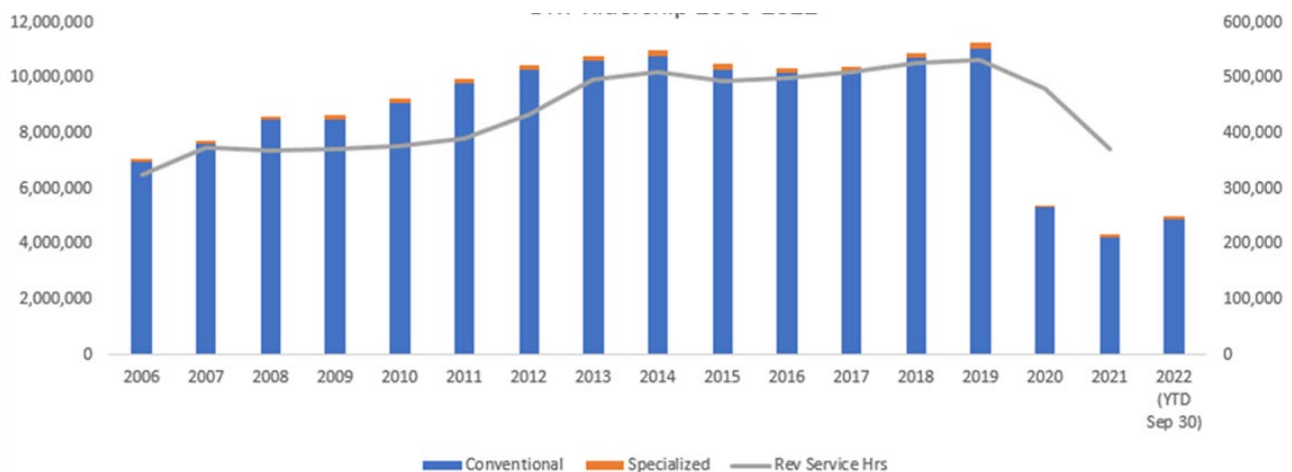


Figure 2: DRT Ridership 2006-2022

- 4.14 DRT has historically trailed its main comparator transit agencies in terms of its revenue service hours and municipal operating funding contribution on a per capita basis. Table 1 presents data from the Canadian Urban Transit Association for 2019, highlighting how Durham compares on key transit metrics relative to key comparators within the GTHA.

Table 1: 2019 Transit Investment Metrics for Durham Region and Peer Jurisdictions

Key Metrics	Durham Region		Mississauga		Brampton		Waterloo Region		Hamilton		York Region	
	Data	Ranking	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham	Data	Variance Durham
Service area population	610,789	4th	777,000	27%	633,710	4%	483,811	-21%	529,394	-13%	1,126,735	84%
Revenue vehicle hours	533,205	Last	1,582,745	197%	1,258,701	136%	832,765	56%	862,292	62%	1,269,462	138%
Municipal operating contribution per capita	\$80	Last	\$131	65%	\$109	36%	\$132	66%	\$99	24%	\$88	10%
Ridership	11,083,538	Last	41,170,554	271%	31,914,291	188%	21,964,989	98%	21,659,817	95%	22,467,539	103%
Revenue vehicle hours per capita	0.9	Last	2.0	122%	2.0	122%	1.7	89%	1.6	78%	1.1	18%

Source: Canadian Urban Transit Association

- 4.15 While Durham Region does not have the largest or smallest population of the group, DRT is ranked last in the metrics related to the amount of transit service available to residents. This includes ranking last in revenue vehicle kilometers and hours, last in municipal contribution per capita, last in annual ridership, and last in revenue hours per capita.
- 4.16 The revenue hours per capita metric demonstrates the availability of transit service over a city/region's population. As an example, while Waterloo Region's population is 21 per cent lower than Durham Region in 2019, Grand River Transit offered 90 per cent more revenue vehicle hours per capita, its municipal operating contribution per capita was 66 per cent higher, and its annual ridership is almost double that of DRT.
- 4.17 DRT's current service strategy, The Route Ahead, is guiding transit service and network growth through the pandemic recovery period. It is expected that transit ridership will return to pre-pandemic ridership levels by 2025. To truly affect a modal shift away from automobiles, a combination of actions is needed to incentivize our communities to use public transit and active transportation for their travel needs. Building a first-class transit system in a world-class region will require significant commitment and investment.
- 4.18 DRT's conventional bus service delivers over 95 per cent of passenger trips and will continue to be the backbone of the transit network. Investment that expands the reach, span and frequency of service is essential to achieving the targets established in the Transportation Master Plan (i.e., 12 per cent of all trips to be made by transit by 2031). Through the Transit Service and Financing Strategy, total transit service revenue hours will be nearly 1.2 million by 2032, amounting to a 127 per cent increase over current hours. Of these:
- 45 per cent support service to new greenfield developments;
 - 28 per cent support frequency increases of 15 minutes or better, including high frequency service across the transit network at 10 minutes or better (e.g. Highway 2 to Bowmanville, Simcoe Street, Rossland Road, Taunton Road and

service to Seaton) and all local services at 15 minutes or better during peak times; and

- the remainder of service growth towards Rural service expansion, congestion impacts, social equity initiatives and deployment of the GO Train Lakeshore East Extension.

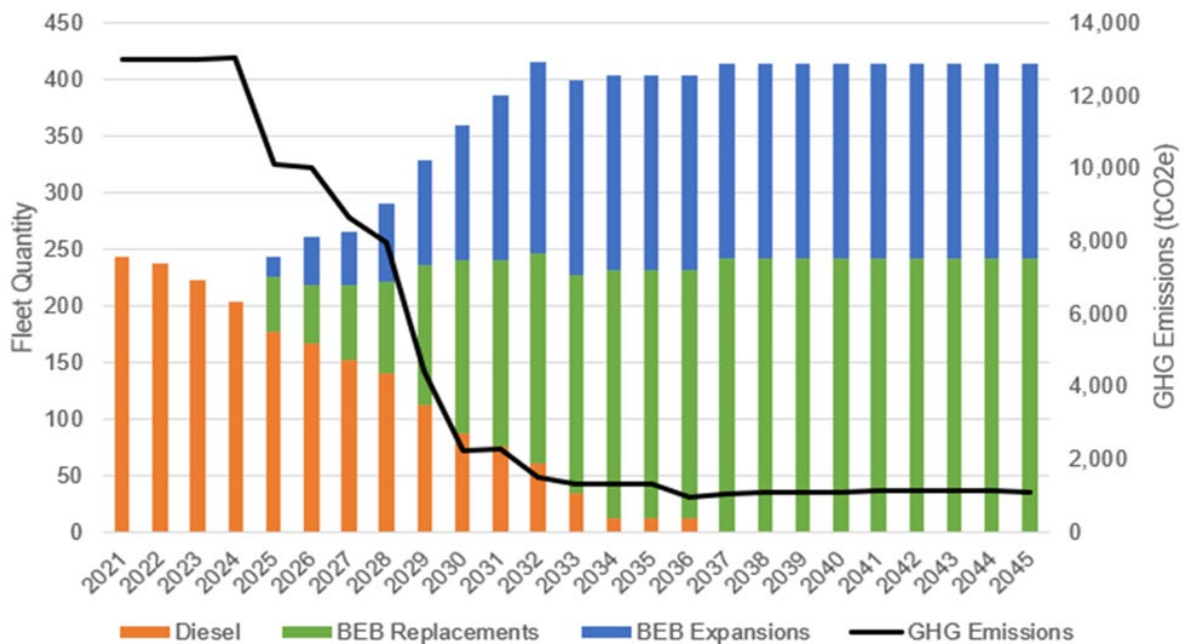
- 4.19 With this investment DRT will be positioned to deliver a robust transit network offering more service at much higher levels of frequency and increasing system capacity to support ridership growth. Attachment 1 illustrates the 2032 DRT service network indicating the enhanced level of service availability and frequency across the Region. This level of investment in service levels is estimated to double ridership from pre-pandemic levels, to nearly 23 million annually by 2032.
- 4.20 DRT's On Demand service will continue to support customer travel needs in rural areas and lower demand urban areas of the Region. The availability of On Demand ensures all Durham residents have access to transit regardless of where they live or work, with the flexibility to travel when they need to, and all at the same fare as conventional bus service.
- 4.21 Each year DRT receives inquiries from organizations and the public interested in using DRT vehicles for event transportation purposes. In consideration of the level of interest, DRT is proposing the establishment of a charter rate in 2023 enabling public and third party booking of conventional 12 metre DRT buses for transportation and event purposes based on vehicle and staffing availability. Charter rates have been reviewed on a full cost recovery basis considering all expenditures incurred for the operation and servicing of the vehicle. It is recommended that a base charter rate of \$925.00 be established for a minimum four hour booking for one vehicle, with additional hours offered at a rate of \$130.00 per hour. Additional buses can be added to the charter booking at a rate of \$505.00 per vehicle. Given the cost recovery focus, it is not anticipated that the charter service will generate significant new revenue. DRT will focus on launch of the charter service program in 2023 and report back to TEC on initial uptake and any required program adjustments as part of the 2024 business planning and budget process.

Fleet Electrification

- 4.22 DRT's E-Mission Zero Fleet Electrification Plan was endorsed by Region Council at its meeting on June 29, 2022 and referred to DRT's long-term servicing and financing strategy to be presented to Committee and Council in advance of the 2023 Business Plans and Budget. The plan outlined DRT's approach to transitioning all vehicles to zero greenhouse gas tailpipe emission alternatives by 2037 with a focus on battery electric technologies. The plan is aligned with the Region's Climate Change Action Plan (CCAP) and the 2020-2024 Strategic Plan. It includes a year-over-year vehicle acquisition plan for the phased implementation of battery electric vehicles, charging equipment and infrastructure. Under this plan

DRT will purchase only zero emission vehicles as of 2024, achieving a 90 per cent reduction in greenhouse gas emissions from public transit by 2030. Figure 3 illustrates the E-Mission Zero Fleet Electrification Plan's transition of DRT's fleet to zero emission technologies by 2037 and the corresponding greenhouse gas emission reductions as provided in Report #2022-DRT-10.

Figure 3: Fleet Composition Forecast and Related GHG Emissions



- 4.23 The E-Mission Zero Fleet Electrification Plan estimated the transition of DRT's fleet to zero emission technologies by 2037 to have a net cost of \$312 million in capital and operating costs or 7.8 per cent above the business-as-usual option of purchasing only diesel/gasoline vehicles over the time period. These added costs are primarily associated with increased capital costs for charging equipment and infrastructure necessary to support a new fueling supply chain, higher capital cost per vehicle associated with battery electric buses, and requirements for additional vehicles required to deliver service based on current operating range limitations. These costs are offset in part by the fuel and maintenance savings expected over the life cycle of the vehicles.
- 4.24 The proposed 10-year plan for electrification outlined in this report includes increased service growth beyond that included in the E-Mission Zero Fleet Electrification Plan. The updated projected costs for the Region's electrification plan are included in the financial model (Attachment 3).
- 4.25 To help offset the costs, DRT will be accessing available funding and debt financing opportunities available through the federal government to support transit agencies in transitioning to zero emission technologies, including the Canada Infrastructure Bank and Infrastructure Canada's Zero Emission Transit Fund.

Infrastructure, Accessibility and Passenger Amenities

- 4.26 To support the growth in transit service hours, DRT will also require investment in new infrastructure and amenities for an enhanced customer experience while enabling expanded operational and maintenance activities. This includes:
- New Harmony, Pickering Parkway and Windfield Farms terminals with improved customer information, amenities and operational support;
 - New transit Hubs offering improved customer amenities and information, while supporting integration of On Demand and Specialized transit services (in addition to future integration with active transportation);
 - Accessible digital next bus screens displaying real time departure information at stops, hubs and terminals – update on pilot and deployment strategy; and
 - New Thornton Garage in north Oshawa, completion of DRT's new Raleigh Depot Operations and Administrative Building, and provision for a new transit facility in northwest Durham in the later years of the forecast period.
- 4.27 DRT also continues to focus on equity, or fairness, to remove barriers so residents have access to the same opportunities for travel. Providing equal or the same service for everyone contributes to barriers. All DRT buses are now low floor with ramps. There are bus arrival and next stop bus announcements and displays, stanchions, and priority seating areas. All are recent accessibility enhancements that enable persons with disabilities to use conventional services where they once were unable to access due to barriers such as stairs that had to be climbed to board the bus.
- 4.28 DRT continues to make accessibility a priority within its service and infrastructure. Digital next bus arrival screens have been installed on a trial basis at key terminals and in the lobby areas of long-term care facilities to provide seniors with travel information. Leveraging Regional and senior government funding approved through the Investing in Canada Infrastructure Program, DRT also continues to make improvements to stops and terminals to ensure all stops are accessible by 2025 as required under the Accessibility for Ontarians with Disabilities Act (AODA). As of 2022, more than 90 per cent of DRT bus stops are considered accessible. To further support customers of all abilities in accessing transit services, DRT will continue efforts to address missing links within the accessible pedestrian network to ensure barrier free connections to transit stops and terminals.

Fare Strategy and Customer Incentives

- 4.29 DRT's long-term fare strategy was approved by the Transit Executive Committee in December 2019 based on key principles including:
- Recognizing fare pricing influences service use

- Applying fare increases to the standard (adult) single-ride fare and translate increases to other fare concessions and products
 - Providing choice for customers through incentives offering value for frequent use
 - Incentivizing and prioritizing electronic fare payment
 - Minimizing oversight of fares by bus operators
 - Ensuring sustainability of discounted fare programs
- 4.30 Since 2019 DRT has made significant advancements in the modernization of its fare products, such as the discontinuation of paper period passes and expansion of electronic payment options. This includes more than doubling the use of PRESTO electronic fare payment channels by customers from less than 40 per cent in 2019 to more than 80 per cent in 2022. Among PRESTO users, 46 per cent of customers pay each trip through the electronic purse on their PRESTO card, 20 per cent load a monthly period pass onto their PRESTO card, and 17 per cent use the PRESTO electronic ticket app on their smartphone (the majority of which are comprised of post-secondary students whose U-Pass is made available through the app).
- 4.31 DRT also continues to offer discounted fares and incentives to attract and encourage more frequent transit use among key market groups. This includes: seniors who benefit from reduced cost fares providing discounts of up to 60 per cent in the case of monthly passes; all children aged 12 years and under who continue to ride DRT services at no cost; and youth for whom regular fares and passes are already reduced compared to standard adult fares. Additional options for youth provide further savings to incentivize more regular use, including the Youth Summer 2-for-1 pass and the Y10 Youth Loyalty Pass providing an additional savings of more than \$170 over the ten-month school year when a pass is purchased for each month. Since 2019, despite the impacts of the COVID-19 pandemic, the Y10 program has now exceeded pre-pandemic sales totals with 2,826 total sales during the 2021-2022 academic year. DRT's bulk purchase program for school boards in Durham was introduced in 2022 offering further savings on already reduced youth passes, and helping more secondary school students in Durham to access public transit for travel to and from school.
- 4.32 The Transit Assistance Program (TAP) was introduced by DRT in late 2019 as a pilot program making reduced cost transit available to all social assistance clients in Durham, including Ontario Works clients who had been ineligible for the existing Access Pass. TAP uses the PRESTO electronic fare card, removing the stigma of having a separate, identifiable fare product, while providing a 60 per cent reduction on standard monthly fare costs. TAP leverages the benefits of the PRESTO electronic fare card in providing protection for lost cards and the flexibility for customers to pay-as-they-go and carry-over unused funds to the next month or opt

for the simplicity of a pay-up-front monthly pass. Currently more than 1,500 customers per month are benefiting from the discounted cost of TAP. Since the introduction of TAP in late 2019 through December 2022, the program has enabled more than 293,000 trips on DRT at no charge, saving Durham's at risk residents an estimated \$955,000 in transit fares.

- 4.33 At its meeting on April 7, 2021, TEC approved an extension of TAP through April 2023. With the discontinuation of the paper Access Pass in October 2022, it is recommended that TAP be established as a permanent product within DRT's fare structure. Consistent with the direction of TEC, DRT is also exploring options to expand TAP to other residents living with low income beyond Ontario Works and Ontario Disability Support Program clients, including those accessing other income-tested support programs (e.g., child care, social housing, etc.). DRT will report back to TEC in 2023 on options and considerations with respect to a possible expansion of the TAP program.
- 4.34 In alignment with DRT's Fare Strategy, fare adjustments are proposed to be linked to changes to the base fare on a proportional or trip equivalent basis. This will ensure that fare adjustments are applied on a consistent basis across fare categories and maintain the established discount rates. The proposed structure is outlined in Attachment 2. Due to rounding of discount rates or trip numbers some adjustment to fares will result. The DRT Fare Strategy established a \$1.00 premium for cash fares recognizing the costs associated with cash collection and processing. In response to inflationary pressures and enhancing service levels in 2023, DRT is proposing a modest adjustment to fares of \$0.10 on the base fare. This increase is expected to result in an additional \$451,000 in fare revenues in 2023 (based on a July 1, 2023 effective date) and annualized revenue increase of \$818,000. Attachment 2 summarizes the corresponding impact of the proposed fare adjustments across standard fare categories based on the applicable discount rates.
- 4.35 Attachment 2 further summarizes the proposed adjustment to cost structures for DRT fare incentive programs including Y10, TAP and the bulk purchase program for school boards. The adjustments will ensure the respective discount rates of the incentive programs are maintained with DRT base fares.
- 4.36 DRT will also be exploring opportunities to expand access to fare incentive programs to employers within Durham seeking to support employee transportation requirements and/or manage traffic and/or parking pressures at business locations. This will include consideration of employer bulk purchase options for transit passes. DRT will report back to TEC on program design details prior to introduction.
- 4.37 DRT's best value fare product is the Universal Pass (or U-Pass) that is provided to all full-time post-secondary students at Durham College, Ontario Tech University and Trent University (Durham campus). Under the U-Pass agreement with the post-secondary institutions, all full-time students pay a fee as part of their tuition

and are provided with a transit pass for the semester. At \$147.25 per four month semester, the current cost is equivalent on a monthly basis to a nearly 70 per cent discount on a standard adult pass, and is approximately \$10.00 less per month than DRT's Transit Assistance Program. DRT will work with the post-secondary institutions on continuation of the U-Pass program through the forecast period, with resulting agreements to be brought forward for TEC and Region Council approval.

5. Cost Pressures and Financing Opportunities

Cost Pressures

- 5.1 DRT continues to face increasing cost pressures associated with meeting ongoing public transit needs in one of Canada's most rapidly growing municipalities, while maintaining the affordability of transit fares and mitigating pressures on property taxes. Key impacts include inflationary pressures on service contracts (e.g., On Demand and route maintenance), the volatility of marketplace conditions in areas such as insurance and fuel, and the need to fund the continuance of enhanced interior cleaning standards introduced during the pandemic for added customer confidence.
- 5.2 In 2023, fuel costs are expected to increase by approximately \$5.6 million compared to the 2022 budgeted costs, representing an 8.1 per cent increase on DRT's operating budget. DRT continues to invest in vehicles offering improved fuel efficiency, including the addition of hybrid electric buses and non-revenue vehicles. Consistent with the E-Mission Zero fleet electrification plan, DRT's final 15 replacement diesel buses are to be purchased in 2023. Beginning in 2024, only battery electric buses will be purchased offering operating savings in fuel and maintenance costs over the life cycle of the bus.
- 5.3 DRT's insurance rates have experienced a 123 per cent increase over the past five years, rising from approximately \$1.1 million in 2017 to more than \$2.4 million in 2022. This significant growth in insurance premiums has been the result of increases in the general volume of injury claims across the transit industry and higher settlement values related to claims. This is reflective of a hard market for transit insurance coverages, translating to a vulnerability for rate increases. DRT continues to work with Finance to monitor and manage the impacts of insurance rates on the transit operating budget.
- 5.4 DRT, along with its partner transit agencies in the GTHA, participate in the PRESTO electronic fare payment system, providing the operational and customer service benefits of electronic fare collection. As adoption of PRESTO fare payment options has increased along with ridership over the past five years, commission fees paid to Metrolinx consistent with the 905 PRESTO Operating Agreement to support system operation and administration have increased (approximately \$1.6 million in 2022 fees). This is offset in part through approximately \$0.5 million in reduced cash collection and legacy fare production expenses, as well as PRESTO

device maintenance costs. DRT's use of the PRESTO electronic fare payment system is also a requirement for receiving annual provincial gas tax funding.

- 5.5 The Transit Service and Financing Strategy leverages debt financing in order to advance key infrastructure projects, including facility improvements necessary to support transit service enhancements and new terminal facilities required to improve DRT operations and support an improved customer experience. DRT's fleet electrification plan also leverages debt through the Canada Infrastructure Bank offering low interest rate financing to support transit agencies in the adoption of zero emission technologies. Over the 10-year forecast period of the plan, debt financing of approximately \$184.2million, with associated annual debt servicing costs increasing to \$17.5million by 2032.

Financing Opportunities

- 5.6 DRT's revenues have typically offset between 35 per cent and 40 per cent of its operating costs. Over the five years between 2015 and 2019, DRT's revenue cost ratio – the percentage of transit operating expenditures offset by fare, U-Pass and advertising revenues – has averaged 38 per cent. This places DRT below comparator transit systems in the GTHA over the same five-year period (see Table 2). A primary factor contributing to DRT's operating pressure is Durham Region's large service area – the largest of all GTHA transit systems – and relatively low population densities in many areas of the region.

**Table 2: Average Annual Revenue Cost Ratio for GTHA Transit Agencies
(2015 – 2019)**

Jurisdiction (east to west)	5 Year Average Revenue Cost Ratio
Durham	38 per cent
York	40 per cent
Brampton	49 per cent
Mississauga	47 per cent
Hamilton	46 per cent
Waterloo	39 per cent

- 5.7 The fare structure and rate changes proposed in this report will contribute to offsetting a portion of rising operating costs in areas such as fuel and insurance in addition to new service enhancements. It is also key towards restoration of DRT's revenue cost ratio as ridership recovery approaches pre-pandemic levels over the next 12 to 24 months, and federal and provincial COVID-19 Safe Restart Agreement funding concludes.
- 5.8 The Canada Infrastructure Bank (CIB) has committed to invest \$1.5 billion across Canada in zero emission buses through its three-year Growth Plan. The CIB is offering a low interest debt financing program, for a portion of electric vehicle capital costs. On June 9, 2022, DRT and the CIB announced a Memorandum of Understanding for up to \$68 million in financing to support the acquisition of up to 100 battery electric buses by 2027. DRT, Finance and Legal staff have been

working with the CIB to finalize the agreement that provides debt financing for the incremental cost of a battery electric bus over a diesel bus at an interest rate of one per cent. Repayment to the CIB is made based in part on 80 per cent of the monthly savings in fuel and maintenance costs from a battery electric bus compared to a diesel bus. The repayment term is based on a 12-year life cycle for the battery electric bus. The Region and CIB are finalizing the terms of the financing agreement and will come forward with recommendations to TEC, Finance and Administration Committee and Region Council as part of the 2023 business plans and budget approval process.

- 5.9 DRT and Finance staff are finalizing an application for grant funding through Infrastructure Canada's Zero Emission Transit Fund (ZETF). The ZETF is a \$2.75 billion, five-year national program that offers support to public transit agencies across Canada for the purchase of zero emission public transit and school buses and associated infrastructure. The fund is intended to complement CIB financing and transit agencies are encouraged to participate in both programs. DRT's ZETF application seeks approximately \$141.6 million in federal funding to support approximately \$283.2 million in vehicle acquisitions, charging infrastructure and related equipment, as well as DRT's new bus operations and maintenance facility to be constructed at 2400 Thornton Road in Oshawa. The maximum grant contribution is up to 50 per cent of eligible costs to be incurred through 2026. A decision by Infrastructure Canada on DRT's funding application is expected in late 2023.
- 5.10 Longer term, the federal government has announced a \$14.9 billion transit funding program over the next eight years. This funding includes \$3 billion per year in permanent, predictable federal public transit funding, which is to be available to transit agencies throughout Canada beginning in 2026/27. Once in place, permanent public transit funding aims to help "improve access to public transit and active transportation and support the development of more affordable, sustainable, and inclusive communities by creating good jobs, reducing greenhouse gas emissions, and addressing housing affordability". During the summer and fall of 2022 Infrastructure Canada sought input into program design and priorities for the permanent public transit fund (including from Durham Region and transit industry associations). As details on program parameters or how this funding will be allocated are unavailable at this time, no revenues associated with this announcement have been assumed throughout the 10-year forecast period.

6. DRT Financial Forecast (2023 – 2032)

- 6.1 Table 3 presents a summary of the 10-year financial forecast for DRT from 2023 to 2032. A more detailed schedule is provided in Attachment 3. The forecast supports the delivery of Council approved transit strategic priorities related to Transportation Master Plan and DRT's fleet transition plan to zero emission vehicles, while ensuring local transit services are planned to provide connections in line with the opening of rapid transit services (e.g., Lakeshore East GO train stations). To support transit service growth, the plan also provides for the advanced purchase of

transit fleet vehicles two years prior to required service dates due to vehicle production and delivery timelines. This will ensure service is in place to meet forecasted ridership demand and allow for the installation of electrification infrastructure.

Table 3 – DRT Expense and Financing Forecast (2023-2032)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
SERVICE INFORMATION										
Service Hour Increases (Number of Hours) ¹	27,178	69,882	65,701	68,512	64,678	65,243	66,799	69,482	76,096	78,824
Service Hour Increases (% Change)	5%	13%	11%	10%	9%	8%	8%	7%	8%	7%
Budgeted Electric Bus Purchases	22	36	49	38	46	26	19	24	30	35
Electric Buses as a Percent of Bus Fleet ²	12%	29%	45%	55%	65%	72%	77%	82%	87%	91%
Transit Gross Budget Requirement (\$ '000's)	\$199,469	\$418,902	\$253,476	\$271,034	\$273,963	\$240,150	\$228,227	\$245,751	\$395,874	\$298,365
MODELLING OF POTENTIAL PROPERTY TAX IMPACTS³										
Increase in Transit's General Levy Requirement (\$ '000's)	\$11,640	\$18,484	\$34,619	\$32,989	\$36,413	-\$24,705	-\$13,557	\$8,058	\$30,213	\$6,035
Increase in Transit's General Levy Requirement (% Change)	17%	23%	35%	25%	22%	-12%	-8%	5%	17%	3%
Preliminary Modelled Impact On Overall Regional Tax Levy (% Change)	1.53%	2.39%	4.45%	4.15%	4.59%	-3.10%	-1.84%	1.08%	3.93%	0.76%

Notes:

The modelling of the potential property tax impacts is prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise. The annual property tax impacts will be reviewed and updated annually based on funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts.

Expense and financing figures for 2023 represent current estimates.

¹A total of 512,391 revenue service hours were budgeted in 2022. The total forecasted increase in revenue service hours over the 2023-2032 period (652,393 hours) represents a 127% increase.

²Electric bus percentages are based on year of vehicle order. Electric bus delivery could take 18 to 24 months following order.

³“Modelling of Potential Property Tax Impacts” represents the modelling of the potential property tax impacts after applying current senior government funding opportunities, significant debt and reserve fund financing and prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise. The annual property tax impacts will be further reviewed and updated annually based on future funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts.

6.2 The plan provides for:

- an increase in revenue service hours from more than 512,391 in 2022 to a total of 1,164,785 million in 2032, an increase of 127.3 per cent;
- transitioning the transit fleet to zero emission vehicles by 2037; and
- investments in passenger amenities and infrastructure.

6.3 As outlined in Table 3 and Attachment 3, operating expenditures are projected to increase by \$132.9 million (131 per cent) from \$101.2 million in 2022 to \$234.1

- million in 2032 with total capital expenditures over this time estimated at \$1.1 billion.
- 6.4 In total, the forecast includes significant increases in investments, such as \$183.3 million in funding from Region reserves and reserve funds, \$101.2 million in provincial gas tax funding, and \$184.2million in debenture financing. Annual debt serving costs increase to \$17.5 million annually during the forecast period, reflecting the increase in debt financing required for major infrastructure and facility improvements, as well as repayment of vehicle financing under the CIB's low interest program supporting the acquisition of battery electric buses (subject to final negotiations with the CIB).
- 6.5 The financial plan includes the use of \$127.2 million in Development Charges over the 10 year plan. This projection reflects the current modeling of the impacts of Bill 23 (More Homes Built Faster Act, 2022) and includes the mandatory five-year phase-in of Development Charge rates that applies to new Development Charge by-laws established on, or after, January 1, 2022. This phase-in is estimated to have approximately a \$6 million negative impact on transit development charge funds received between 2023 and 2027.
- 6.6 The forecast also leverages all known senior government funding, including potential federal Zero Emissions Transit fund grants totaling \$141.6 million to support electrification vehicles, infrastructure and facility improvements, including the new Thornton Operations, Maintenance and Storage Depot. Should this funding not be approved, additional funding will need to be identified in order to proceed with these capital works to achieve both the service growth and electrification goals.
- 6.7 The forecast includes stable and increasing fare revenue anticipated from growing ridership and fare updates. This revenue will be key to achieving the objectives of the plan.
- 6.8 After leveraging the available funding sources outlined in this section, including all potential senior government funding opportunities, significant debt and reserve and reserve fund financing, incremental annual property tax increases are required starting at approximately 2 per cent per year on the overall Regional tax levy. Due to the nature of the projected expenditures, the required annual property tax increases fluctuate year to year. Efforts will be made to smooth out these increases as part of the annual business planning and budget process.
- 6.9 The forecast does not include assumptions with respect to the federal permanent transit fund announced to begin in 2026/2027, given program terms and eligibility are still to be determined. This funding and flexible program terms and eligibility will be critical to reduce the projected property tax increases identified in 2026 through 2032. It should be noted that given the timing of this anticipated funding it will not assist in reducing the required property tax increases identified for 2024 and 2025.

- 6.10 Staff will advocate through all available means to access the federal permanent transit fund and any other senior level government funding opportunities to assist in offsetting the current projected property tax increases. Each budget year, all enhanced opportunities for further tax levy financing and reserves and reserve funds financing will be reviewed. The implementation of the plan will be affected based on final financing options available.

7. Risks and Uncertainties

- 7.1 The Ontario Dedicated Gas Tax Funds for Public Transportation Program (the Ontario Gas Tax for Transit Program) provides provincial funding to municipalities that they are required to use only to support the expansion and improvement of transit services. Currently, the program provides two cents per litre of gasoline sold to municipalities. A unique feature of the gas tax program is that the funding can be used to support transit capital or operating expenses. Throughout Ontario, 70 per cent of the available funding, each year, is distributed according to ridership (as reported by the transit agencies to the Canadian Urban Transit Association) and 30 per cent of the available funding is distributed according to municipal population.
- 7.2 In 2022, the Provincial government announced it would be providing \$375.6 million to municipal transit agencies through the gas tax program, but this amount included a one-time funding top-up of \$120 million from other provincial revenues to make-up for reduced gas sales due to the COVID-19 pandemic.
- 7.3 The transit industry has identified to the province the impact to the existing gas tax funding program based on future reductions in gas consumption in Ontario with the adoption of zero emission vehicles. The gas tax program will need to evolve to continue delivering provincial funding for public transit to ensure, at a minimum, current services can be maintained for the public in the years ahead.
- 7.4 DRT's E-Mission Zero Fleet Electrification Plan is not currently reflected in the Regional Transit Development Charge by-law. A future amendment to the by-law will be required to account for the increased growth-related capital costs associated with fleet electrification and any necessary changes stemming from Bill 23. It is not clear at this point if an amendment to a development charge by-law will restart the five-year phase in. The current financial forecast identifies an approximately \$6 million reduction in Transit Development Charge revenues between 2023 and 2027 due to the required phase-in resulting from the amendments to the Development Charges Act approved through Bill 23. The reduction in Transit Development Charge revenues creates shortfalls that have had to be funded from other sources. Overall, the forecast includes \$283.5 million in financing that covers projected development charge shortfalls due to the anticipated amount and timing of development charge receipts over the forecast.
- 7.5 Furthermore, if development forecasts for the Region are not achieved, development charge revenues will be lower than forecasted, potentially resulting in

the need to defer transit growth infrastructure. Under such a scenario though, the Region's service expansion requirements would be reduced to reflect the lower than anticipated population and employment growth, and related road congestion. The Region's population is expected to grow to nearly one million by 2031, but that rate of growth has not been achieved in recent history.

- 7.6 Given the financing shortfalls projected through 2032, the availability of senior government funding and increased tax levy financing throughout the 10-year forecast period is integral to ensuring full realization of the Transit Service and Financing Strategy. The support of the Region's government relations team and all of Region Council in advocating to senior governments for funding support, beyond existing programs, will be critical to achieving Council's strategic transit priorities.
- 7.7 Additional risks and uncertainties over the 10-year forecast period include:
- transit ridership and revenue recovery from the pandemic including latent impacts on fare, U-Pass and advertising revenues associated with changes in commuting and work patterns and destinations (e.g., downtown Toronto market);
 - achievement of the estimated fuel and maintenance savings associated with the transition of the current fleet of diesel buses to battery electric buses given it is a relatively new technology (staff will be re-evaluating these estimates through analysis of actual costs as DRT's first electric buses become operationalized);
 - impact of rising interest rates and debt financing requirements on DRT's operating budget;
 - ongoing supply chain and labour shortages impacting the transit industry, including vehicle maintenance and production considerations;
 - effects of inflation on capital expenditures, particularly related to facility construction and vehicle costs; and
 - continued uncertainty and volatility over the forecast period related to fuel pricing and insurance.
- 7.8 It is further noted that there are significant costs associated with the realization of Durham's transit objectives beyond the Transit Service and Financing Strategy. This includes costs associated with rapid transit infrastructure expansion as part of the Lakeshore East GO train extension and Durham-Scarborough Bus Rapid Transit. These costs have not been identified in this 10-year forecast and will need to be considered as part of future Transportation business plans and budgets of the Works Department.

8. Relationship to Strategic Plan

8.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

a. Environmental Sustainability

- Goal 1.1 - Accelerate the adoption of green technologies and clean energy solutions through strategic partnerships and investment
- Goal 1.4 - Demonstrate leadership in sustainability and addressing climate change
- Goal 1.5 – Expand sustainable and active transportation

b. Community Vitality

- Goal 2.1 – Revitalize existing neighbourhoods and build complete communities that are walkable, well-connected, and have a mix of attainable housing

c. Economic Prosperity

- Goal 3.3 – Enhance communication and transportation networks to better connect people and move goods more effectively
- Goal 3.4 – Capitalize on Durham’s strengths in key economic sectors to attract high-quality jobs

d. Service Excellence

- Goal 5.2 – Collaborate for a seamless service experience
- Goal 5.4 – Drive organizational success through innovation, a skilled workforce, and modernized services

9. Next Steps

9.1 Upon approval of the recommendations contained in this report, Staff will:

- continue to pursue the vision of an integrated transportation system as set out in the Strategic Plan, Regional Official Plan and Transportation Master Plan (TMP), through ongoing collaboration amongst DRT, Regional Departments (including Planning, Finance and Works Departments), Provincial and Federal governments, and local area municipalities; and

- integrate the Transit Service and Financing Strategy (2023-2032) into the Region's communication and intergovernmental advocacy strategies to further raise awareness of funding needs.

10. Conclusion

- 10.1 As Durham Region emerges from the COVID-19 pandemic, transit will play a vital role in enhancing its economic competitiveness by ensuring access to employment, education and tourism opportunities across the Region. Decisions are needed now to prepare for this future. This includes investment in transit service, vehicles and infrastructure to improve access to transit and a more frequent, reliable and sustainable transit network.
- 10.2 Building a first-class transit system in a world-class Region will require significant investment and funding from the Region and senior orders of government. The Transit Service and Financing Strategy outlines the level of investment required to realize Council's vision for transit in the Region and maximize opportunities arising from the GO East Extension. Given projected property tax levy increases identified, additional senior government funding will be necessary throughout the 10-year forecast period to ensure full realization of the plan.
- 10.3 The 10-year Transit Service and Financing Strategy is a starting point and will be a key tool for enhanced advocacy efforts with the federal and provincial governments for additional transit funding.
- 10.4 The 10-year plan will be subject to annual investment approvals through the Region's business planning and budget process, and will be reviewed every four years, or earlier as necessary, as additional information and funding are made available. It is acknowledged that annual property tax funding increases over the long term will be required starting at approximately 2 per cent per year on the overall Regional tax levy and Council support in this general magnitude will be necessary to achieve the outcomes of the plan. The modelling of the potential property tax impacts is prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise. The annual property tax impacts will be reviewed and updated annually based on funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts.
- 10.5 For additional information, contact: Jamie Austin, Deputy General Manager, Business Services, Durham Region Transit, at 905-668-7711, extension 2624 or Nicole Pincombe, Director, Business Planning and Budgeting, Finance Department, at 905-668-7711, extension 2302.
- 10.6 A similar report was presented to the Transit Executive Committee (TEC) on February 8, 2023 to obtain their endorsement of the 10-year plan and strategy to achieve their priority outcomes. The companion recommendations presented to TEC on the financial plan, fare changes and implications are being presented to

Finance and Administration Committee for consideration and recommendation to Regional Council.

11. Attachments

Attachment 1 – 2032 DRT Service Network (weekday peak period)

Attachment 2 – Proposed DRT Fare Structure

Attachment 3 – 2023 - 2032 DRT Financial Forecast

Respectfully submitted,

Original Signed By

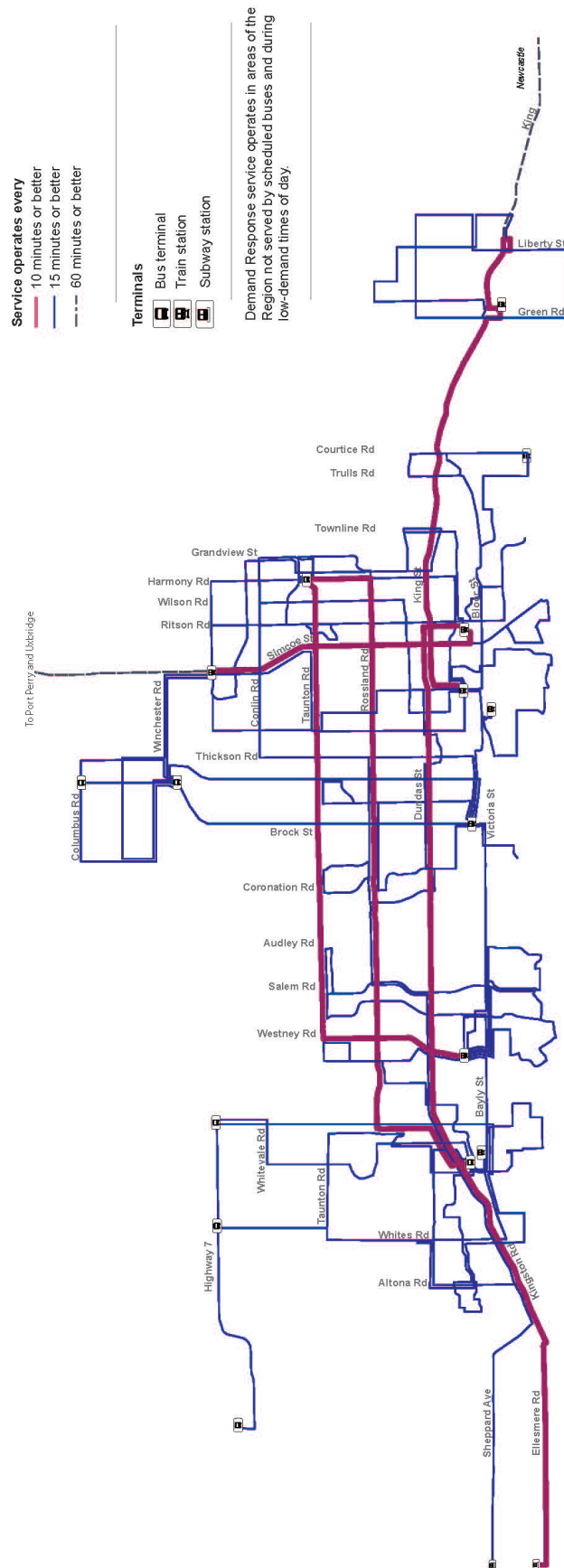
Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

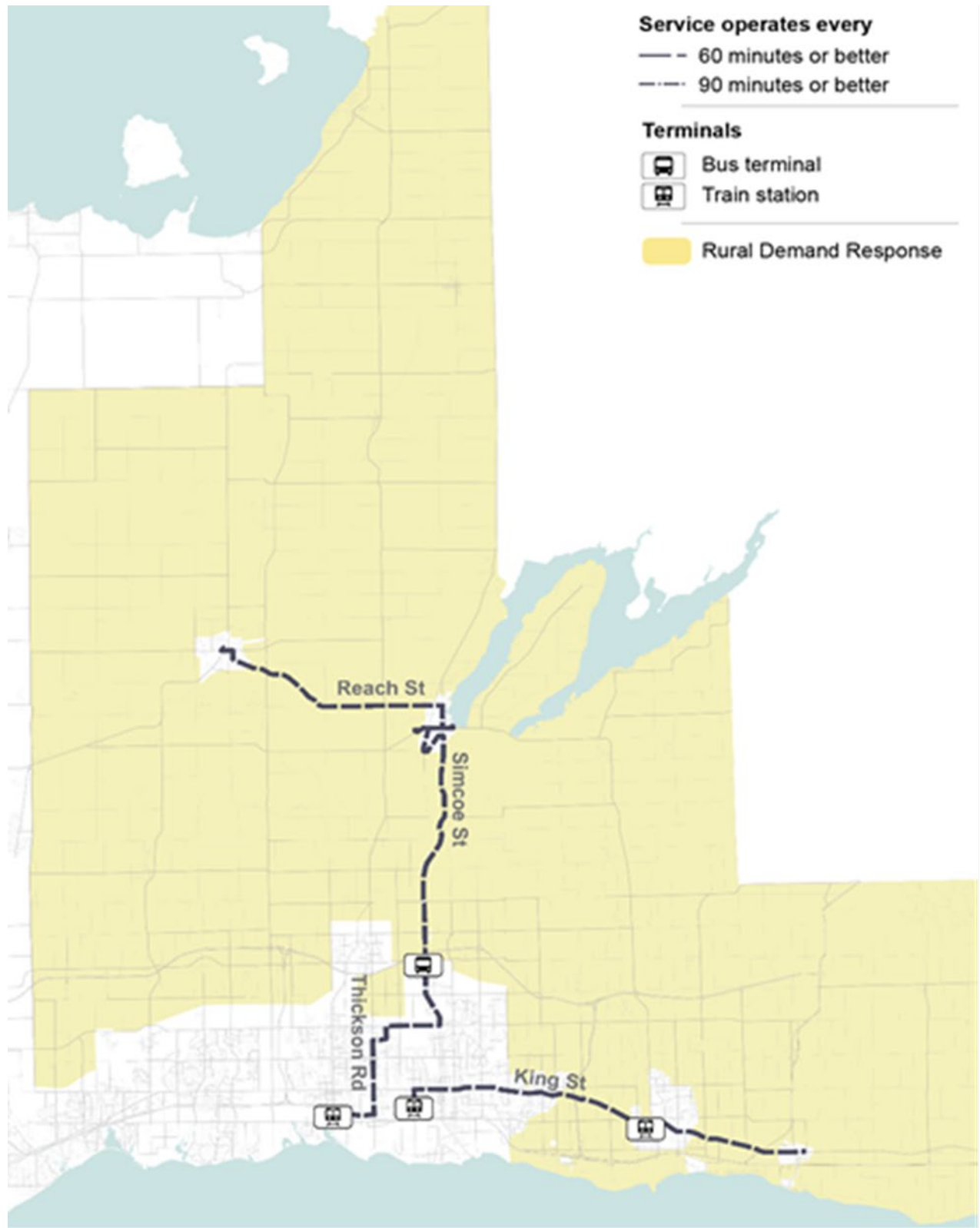
Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer

Attachment 1: 2032 DRT Service Network (Weekday Peak Period)





Attachment 2: Proposed DRT Fare Structure

Fare Category		Current Fare	Proposed Structure	Proposed Fares effective July 1, 2023 (including \$0.10 base fare adjustment)	Per Cent Change
Adult	Single Ride (PRESTO Card and E-Ticket)	\$3.25	Base fare	\$3.35	3.1
	Single Ride (Cash and PRESTO Open Payment)	\$4.00	\$1.00 over base	\$4.35	8.75
	Monthly Pass	\$117.00	36 trips at base fare	\$120.60	3.1
Child (aged 12 years and under)	All rides	Free	NA	NA	NA
Youth (aged 13-19 years)	Single Ride (PRESTO Card and E-Ticket)	\$2.90	90 per cent of base fare	\$3.00	3.4
	Single Ride (Cash)	\$4.00	Equivalent to Adult cash fare	\$4.35	8.75
	Monthly Pass	\$93.50	80 per cent of Adult pass	\$96.50	3.2
Senior (aged 65 years and over)	Single Ride (PRESTO Card and E-Ticket)	\$2.15	66 per cent of base fare	\$2.20	2.3
	Single Ride (Cash)	\$2.75	\$1.00 over single ride senior PRESTO fare	\$3.20	16.4
	Monthly Pass	\$46.00	40 per cent of Adult pass	\$48.25	4.9

Proposed Structure for DRT Fare Incentive Programs

Fare Category		Current Fare	Proposed Structure	Proposed Fares effective July 1, 2023 (including \$0.10 base fare adjustment)	Per Cent Change
Youth (aged 13-19 years)	2-for-1 Youth Summer Pass	\$93.50	80 per cent of Adult pass	\$96.50	3.2
	Y10 (10 month loyalty pass)	\$76.05	65 per cent of Adult pass	\$78.40	3.1
School Board Bulk Purchase Program	Fewer than 125 passes per month	\$93.50	80 per cent of Adult pass	\$96.50	3.2
	125-250 passes per month	\$87.75	75 per cent of Adult pass	\$90.45	3.1
	More than 250 passes per month	\$76.05	65 per cent of Adult pass	\$78.40	3.1
Transit Assistance Program (TAP)	TAP PRESTO E-Purse	\$45.50	14 trips at base fare	\$46.90	3.1
	TAP PRESTO Monthly Pass	\$46.00	14 trips at base fare	\$46.90	2.0

Attachment 3: 2023-2032 DRT Financial Forecast

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total 2023-2032
Service Hour Increases (Number of Hours) ¹	27,178	69,882	65,701	68,512	64,678	65,243	66,799	69,482	76,096	78,824	652,393
Service Hour Increases (% Change)	5%	13%	11%	10%	9%	8%	8%	7%	8%	7%	
Budgeted Electric Bus Purchases	22	36	49	38	46	26	19	24	30	35	325
Electric Buses as a Percent of Bus Fleet ²	12%	29%	45%	55%	65%	72%	77%	82%	87%	91%	
Operating Expenses											
Existing Service ³	107,317	112,082	116,035	120,156	124,427	128,820	133,418	138,035	142,883	147,702	1,270,875
Strategic Priorities											
1) Service Enhancements and Growth ⁴	7,614	19,950	28,832	35,946	42,571	44,443	45,405	53,261	62,615	72,391	413,029
2) Electrification											
Operating Cost Impacts of Replacements ⁵	0	0	0	-739	-1,478	-2,217	-2,956	-4,387	-5,126	-5,865	-22,767
Debt Servicing Requirements ⁶	0	1,138	3,369	7,401	7,854	8,776	9,437	9,437	9,437	9,437	66,284
Subtotal Electrification	0	1,138	3,369	6,663	6,376	6,559	6,481	5,049	4,311	3,572	43,517
3) New Terminals and Facilities											
New Operating Costs	0	0	0	2,091	2,133	2,176	2,219	2,264	2,309	2,355	15,547
Debt Servicing Requirements	1,030	1,030	1,112	1,351	3,075	3,075	3,075	3,075	3,075	8,056	27,952
Subtotal New Terminals and Facilities	1,030	1,030	1,112	3,442	5,208	5,250	5,294	5,338	5,383	10,411	43,498
Total	115,960	134,200	149,348	166,207	178,582	185,073	190,597	201,684	215,193	234,076	1,770,919
Operating Financing											
General Levy	80,353	96,521	109,415	123,710	133,142	136,655	139,226	147,050	157,268	172,760	1,296,100
Fare Revenues and Advertising	29,844	35,116	37,370	39,935	42,877	45,855	48,808	52,071	55,361	58,753	445,989
Contribution From Reserves and Reserve Funds	420	420	420	420	420	420	420	420	420	420	4,200
Provincial Gas Tax	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111	21,110
Other ⁷	3,232	32	32	32	32	32	32	32	32	32	3,520
Total	115,960	134,200	149,348	166,207	178,582	185,073	190,597	201,684	215,193	234,076	1,770,919

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	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total 2023-2032
Capital Expenses											
Fleet Expansion	35,355	34,512	56,526	37,684	51,769	0	4,757	13,385	23,599	32,227	289,813
Facility Expansion	2,000	188,500	0	37,300	0	0	0	0	125,000	0	352,800
Charging Infrastructure	6,202	12,550	19,050	3,410	6,950	4,980	4,670	4,610	210	2,390	65,022
Vehicle Replacement	2,419	24,456	24,456	24,536	24,376	46,611	24,616	24,376	24,376	24,376	244,598
Terminals and Bus Stop Infrastructure	8,694	16,194	3,470	1,270	9,320	1,070	1,070	1,070	3,570	4,670	50,398
ICIP Projects ⁸	25,604	0	0	0	0	0	0	0	0	0	25,604
Other Capital	3,235	8,490	627	627	2,967	2,417	2,517	627	3,927	627	26,057
Total	83,508	284,702	104,128	104,826	95,381	55,078	37,629	44,067	180,681	64,289	1,054,291
Capital Financing											
General Levy	478	2,795	24,519	43,213	70,195	41,977	25,848	26,082	46,077	36,620	317,802
Reserves and Reserve Funds	4,839	100,750	5,000	20,000	0	0	0	0	48,507	0	179,096
Development Charges	25,185	6,271	14,742	13,644	10,978	862	4,523	10,727	19,839	20,410	127,182
Provincial Gas Tax	14,740	7,259	7,259	7,259	7,259	7,259	7,259	7,259	7,259	7,259	80,067
ICIP Grant Funding	15,362	0	0	0	0	0	0	0	0	0	15,362
Zero Emission Transit Fund Funding ⁹	3,101	128,925	9,525	0	0	0	0	0	0	0	141,551
CIB Debt ¹⁰	12,804	22,348	31,159	0	0	0	0	0	0	0	66,311
Other Debentures	7,000	16,355	11,925	20,710	6,950	4,980	0	0	50,000	0	117,920
Developer Contributions	0	0	0	0	0	0	0	0	9,000	0	9,000
Total	83,508	284,702	104,128	104,826	95,381	55,078	37,629	44,067	180,681	64,289	1,054,291
Transit Gross Budget Requirement (\$ '000's)	\$199,469	\$418,902	\$253,476	\$271,034	\$273,963	\$240,150	\$228,227	\$245,751	\$395,874	\$298,365	
MODELLING OF POTENTIAL PROPERTY TAX IMPACTS¹¹											
Increase in Transit's General Levy Requirement (\$ '000's)	\$11,640	\$18,484	\$34,619	\$32,989	\$36,413	-\$24,705	-\$13,557	\$8,058	\$30,213	\$6,035	
Increase in Transit's General Levy Requirement (% Change)	17%	23%	35%	25%	22%	-12%	-8%	5%	17%	3%	
Preliminary Modelled Impact On Overall Regional Tax Levy (% Change)	1.53%	2.39%	4.45%	4.15%	4.59%	-3.10%	-1.84%	1.08%	3.93%	0.76%	

Notes:

The modelling of the potential property tax impacts is prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise. The annual property tax impacts will be reviewed and updated annually based on funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts.

Expense and financing figures for 2023 represent current estimates.

¹A total of 512,391 revenue service hours were budgeted in 2022. The total forecasted increase in revenue service hours over the 2023-2032 period (652,393 hours) represents a 127% increase.

²Electric bus percentages are based on year of vehicle order. Electric bus delivery could take 18 to 24 months following order.

³“Existing Service” represents a forecast of expenses associated with current service levels, under projected inflationary and contractual increases.

⁴The costs associated with service enhancement and service expansion to accommodate growth have been estimated under the assumption that such service will be delivered using electric buses beginning in 2025.

⁵“Operating Cost Impacts of Replacements” represents the estimated fuel and maintenance savings associated with replacing the current fleet of diesel buses with electric buses.

⁶ Electrification debt servicing requirements includes forecasted debt payments to the Canada Infrastructure Bank for loans used to finance a portion of growth and replacement vehicles over 2023-2025 as well as other debt payments for forecasted debentures used to finance a portion of charging infrastructure costs throughout the forecast.

⁷ “Other” operating cost financing includes \$3.2 million in senior government Safe Restart Funding in 2023. This funding is not confirmed by the province. Should senior government funding not be provided these financial impacts will need to be funded by reserves/reserve funds.

⁸ “ICIP Projects” includes bus stop infrastructure, fuel and fluids management infrastructure, diesel buses and administrative building reconstruction projects partially financed using Investing In Canada Infrastructure Program (ICIP) – Transit Stream funding.

⁹ Zero Emission Transit Fund funding is subject to federal government approval. Should this funding not be approved, additional funding will need to be identified in order to proceed with the capital works to achieve both the service growth and electrification goals.

¹⁰ “CIB Debt” represents Canada Infrastructure Bank financing and is subject to the execution of a credit agreement.

¹¹ “Modelling of Potential Property Tax Impacts” represents the modelling of the potential property tax impacts after applying current senior government funding opportunities, significant debt and reserve fund financing and prior to applying potential federal permanent transit funding and other federal and provincial funding opportunities that may arise. The annual property tax impacts will be further reviewed and updated annually based on future funding confirmations and current information with a goal to smooth out the annual property taxpayer impacts.