



The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: #2024-INFO-01
Date: January 19, 2024

Subject:

The Consolidated Budget Status Report to November 30, 2023, and Full Year Forecast

Recommendation:

Receive for information.

Report:

1. Purpose

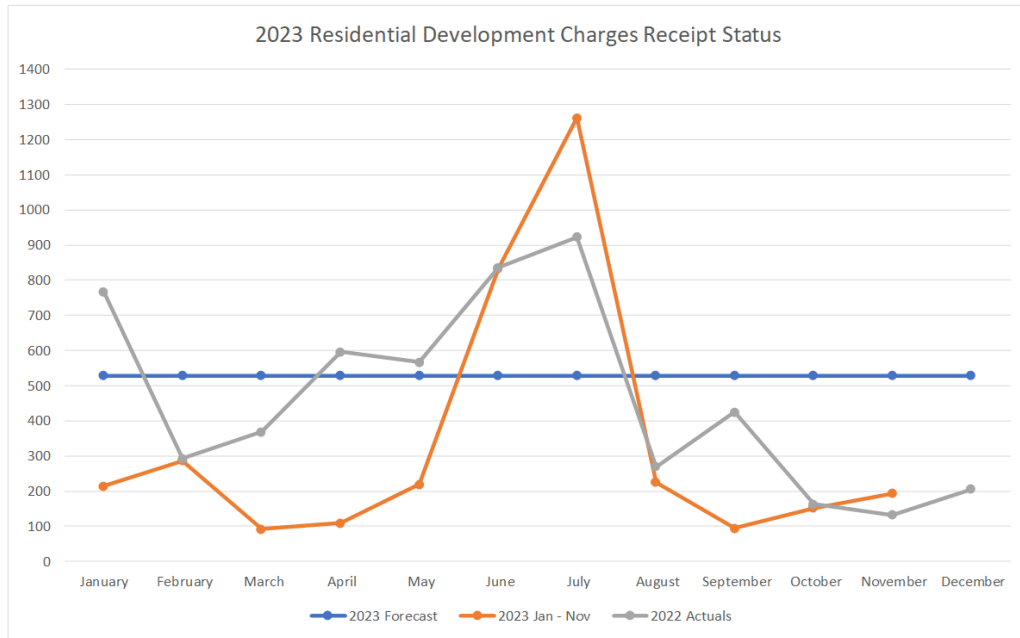
1.1 The following summary on the status of the 2023 Consolidated Budget and Full Year Forecast for the General Tax Operations and the Water Supply and Sanitary Sewer Systems is based upon information supplied by the Regional Departments, a review of the financial statements to November 30, 2023, and a forecast to the end of the year. It is important to note that there are many assumptions and estimates incorporated in this forecast.

2. Significant Factors Impacting Regional Operations

2.1 As noted in the Economic Updates provided by the Finance Department, the economic environment has had impacts on the local economy. Regional programs have not been immune from the impacts of the inflationary environment and interest rates. The impact of these considerations has been incorporated into the full year forecast.

2.2 The Long-Term Care and Services for Seniors division of the Social Services Department and the Health Department have continued to experience cost pressures due to COVID-19 response and vaccination efforts. The Province has ended funding for COVID-19 extraordinary costs for the Long-Term Care and Services for Seniors division and Paramedic Services as of March 31, 2023. Any COVID-19 costs in these operations after March 31 are expected to be covered by the existing base funding allocations provided by the Province.

2.3 Residential development charges receipts to the end of November total 3,681 units, only 60.0 per cent of the forecast of 6,350 units for 2023.



Notes:
 2023 Forecast = 6,350 units total (529.17 units per month)
 2023 Jan - Nov = 3,681 units total
 2022 Actuals = 5,544 units total

3. Budget Status Summary – Regional General Tax Operations

3.1 The preliminary forecast for Regional property tax supported operations for 2023 is indicated in the following table:

| | <u>Surplus/(Deficit)</u> |
|--|---------------------------|
| | <u>\$</u> |
| Social Services | 1,500,000 |
| Health and Paramedic Services | - |
| Works – General Tax Programs | (650,000) |
| Planning and Economic Development | 1,360,000 |
| Corporate Services | 200,000 |
| Office of the Chief Administrative Officer | 850,000 |
| Finance | 1,600,000 |
| Durham Regional Police Services | - |
| Durham Region Transit | 2,200,000 |
| Investment Earnings | 13,000,000 |
| Corporate Items and Other Initiatives | <u>(27,737,000)</u> |
| Preliminary General Tax Deficit | <u>(7,677,000)</u> |

3.2 The costs for the purchase along with the renovations required for 1635 Dundas Street East, Whitby have been included in the Corporate Items and Other Initiatives listed above. These costs will be funded to the extent possible from 2023 General Tax surplus funds, with any overage to be funded from reserve or reserve funds at the discretion of the Commissioner of Finance. This funding from these other sources will result in a **Breakeven position General Tax** for the year.

4. General Tax Operations

4.1 Social Services Department

Long-Term Care and Services for Seniors

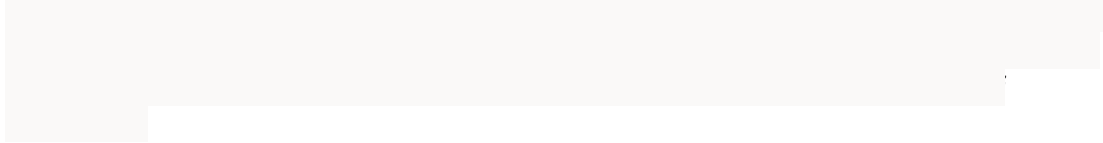
- The Long-Term Care and Services for Seniors division advises that a deficit position of approximately \$550,000 is anticipated for the year, resulting from a number of contributing factors.
- The Homes are forecasting a favourable variance of approximately \$800,000 in payroll related costs. The difficulty in attracting staff for new positions required to meet Ministry resident care requirements and reductions of part time hours are contributing to the savings, which is partially offset by overtime to ensure resident care coverage.
- While the Province terminated the Enhanced COVID-19 funding for Long Term Care facilities effective March 31, 2023, Homes are expected to continue with strengthened infection prevention control measures and training, a steady supply of personal protection equipment, and increased staffing levels, while managing the associated costs within the approved base per diem funding.
- Expenses for education and training, agency personnel, building and equipment maintenance are anticipated to be \$3,145,000 over budget. The increase is due to training costs for staff, backfilling of staff vacancies with agency personnel, and inflationary cost increases for operating materials and supplies, medical supplies, personal protective equipment, infection control, and costs associated with sourcing building materials and equipment parts.
- Food costs have been impacted by inflationary pressures and are anticipated to be \$105,000 over budget.
- Increases to per diem rates and one-time provincial funding for Infection Prevention and Control announced after the approval of the Regional Business Plans and Budgets are anticipated to provide an additional revenue of \$925,000 and \$1,190,000 respectively for the year.
- Revenue from preferred accommodation is anticipated to be under budget by approximately \$45,000 due to a decrease in the number of beds for which the preferred rate is applicable. Other miscellaneous revenues are expected to be under budget by \$115,000.

- The Adult Day program experienced a decline in the number of participants due to the COVID-19 Pandemic and has begun increasing patient intake. However, it is anticipated that the program will experience a deficit of \$55,000.

Family Services

- The Family Services Division reports that client revenue in both the Core Counselling and Employee Assistance programs is trending below budget due to higher usage of services by clients with lower income. Ability to pay is considered when fees are charged, and the revenue deficit is attributable to the current client mix. However, the revenue decrease is offset by savings in operational expenditures, mainly due to staff vacancies. Overall, a breakeven position is expected for the year.

Income and Employment Support

- The Income and Employment Support division is projecting a surplus of \$200,000 for the year.
- While the caseload decreased during the pandemic, the average monthly Ontario Works caseload is now trending 8.7 per cent higher over the prior year's average caseload. Although the province funds most of the direct program costs, a portion of the discretionary program is funded from property taxes. At this time, based on the expenditures to date, a deficit of almost \$115,000 in the discretionary program could result for the year.
- The 2023 service contract for the administration of Durham's Ontario Works program has been approved by the Province, with funding in line with the Regional budget. One-time subsidy of approximately \$200,000 for 
- As a result of the time required in filling staff vacancies, the Ontario Works Program Delivery budget is projected to have personnel cost savings of approximately \$400,000. It is anticipated that cost pressures in areas such as interpreter fees, employment related supports, facilities costs, and security expenses will be over budget by approximately \$285,000.
- On March 24, 2023, the Ministry announced additional 2023-2024 funding of \$7,147,800 for the Homelessness Prevention Program (HPP), increasing the Region's allocation to \$18,683,900 from the previous allocation of \$11,536,100 (refer to Report #2023-SS-7). This HPP funding is being utilized to provide affordable housing and support services via community partners, with the objective of preventing, addressing and reducing homelessness, including chronic homelessness. The HPP is projecting a breakeven position for the year.

Emergency Management and Program Support Services

- The operations of the Emergency Management and Program Support Services sections are expected to be in a breakeven position for 2023.

Children's Services

- The Province has advised that funding from one-time transitional grants approved in 2021, 2022 and 2023 must be fully utilized by March 31, 2024. These grants were intended to offset the increased burden on the Region resulting from the Province reducing the threshold of eligible administrative costs from 10% to 5%. The division has implemented spending plans to provide additional support to child care operators and special needs resourcing programs to fully utilize the funding by the deadline. The plan to spend these transitional grants supplant the approved 2023 property taxes funding, which was initially projected at a surplus of \$2,000,000.
- A portion of the resultant surplus has been reallocated to much needed capital works in the Region's Long-Term Care Homes and Child Care Centres, to address issues like security and accessibility requirements as approved by Regional Council under Report #2023-SS-13. The reallocation of approximately \$1.75 million to these unbudgeted capital items reduces the surplus projected for Children's Services to \$250,000 for 2023.
- An estimated \$5,000,000 in Canada Wide Early Learning and Child Care (CWELCC) 100 per cent provincial funding is expected to be repaid to the Province since not all operators had enrolled in the program and some licensees were operating below capacity due to staffing issues.

Housing Services

- As of November 30, the Housing Services division is forecasting to be under budget \$1,600,000 (or 3.0%) on an overall annual budget of \$53.5 million.
- Savings of \$300,000 are anticipated in the Social Housing Administration area because of time lags in filling staff vacancies.
- In September, the Ministry of Municipal Housing and Affairs announced an additional \$826,000 under the Canada Ontario Housing Benefit to prioritize housing for asylum seekers and refugees and this funding is anticipated to be utilized by year end.
- Payments to external community housing providers, a portion of the Community Housing Program budget, are presently tracking approximately \$2,200,000 under budget, primarily due to lower than anticipated Rent Geared to Income subsidies for tenants.

- It is anticipated that the Rent Supplement and Housing Allowance programs total budget of \$4,900,000 will be fully utilized, providing subsidy to approximately 450 households.
- The Community Housing Repairs program, which provides funding for partner housing providers to address urgent capital repairs, is anticipated to be fully spent in 2023. This program is funded by the Canada Ontario Community Housing Initiative (COCHI) grant program, in the amount of \$3.6 million for 2023.
- The operational costs of the microhomes, located in Oshawa, and the Beaverton Supportive Housing project are on target, with no major fluctuations expected for the year.
- The Durham Regional Local Housing Corporation (DRLHC), the Region's own housing provider, is projecting a deficit of approximately \$900,000. Cost overages for the year, primarily from winter grounds maintenance and building maintenance and repair, are anticipated to be \$500,000. Vacancy losses are projected to result in an additional \$400,000 deficit as units being rehabilitated due to tenant turnover have been impacted with supply chain issues with resultant delays to the planned rehabilitation timeframes.

Overall, a surplus position of \$1,500,000 is projected for the Social Services Department for the year.

4.2 Health Department

Public Health

- Public Health is reporting a small surplus of approximately \$400,000 for 2023.
- Operational savings of about \$3,300,000 are currently being experienced primarily due to staff vacancies and leaves in the provincially funded mandatory programs. However, these savings must be utilized to support any expenses in the department's continued response to the COVID-19 situation and delivery of vaccination programs. Under the provincial funding formula, unused provincial subsidy and Regional funding for mandatory programs must be redirected to COVID-19 programs before one-time subsidy for those programs can be used.
- For 2023, the Region submitted funding requests for 100% one-time subsidy of \$1,400,000 for COVID-19 general support and \$4,970,000 for COVID-19 vaccination costs. Overall, spending on COVID programs is forecasted to be \$3,900,000. As COVID-related spending has continued to decrease, Public Health's focus has shifted to restoring regular programming to pre-pandemic levels. Spending for covid vaccination clinics has declined, with most vaccination clinics closed in favour of 'pop-up' locations. About \$3,300,000 of COVID-related spending will be funded from the mandatory program surplus, with the remaining \$638,000 funded by the one-time subsidy.

- The 2023 approved funding for the remaining cost shared programs and the Ontario Seniors Dental Care program have been reviewed and are approximately \$400,000 below the budgeted estimates.

Paramedic Services

- The Paramedic Services division is reporting a deficit estimated at \$400,000 for 2023.
- Personnel costs are anticipated to be below budget by a net amount of \$200,000. Savings in full time staff costs are offset by the need for increased overtime, and offload delays experienced at emergency rooms.
- Workers Safety Insurance claim costs are anticipated to be in a deficit position of \$750,000 due to increased claim volume.
- Advanced Care Paramedic training will be completed this fall and is anticipated to be \$100,000 above budgeted estimates.
- The delivery of 100% funded Community Paramedic programs is being impacted by the ability to recruit staff to deliver these services. Services are being delivered to the community with a scaled back scope of operations due to the availability of personnel.
- The 100% Provincially funded Community Paramedicine for Long-Term Care program is continuing. An extension to the program from March 2024 to March 2026 was announced by the Province, with funding of \$3,000,000 for each year.
- It is estimated that costs related to vehicle repairs will exceed budgeted estimates by approximately \$300,000 due to increased wait time for vehicle replacements and impacts of maintaining an aging fleet.
- Medical supplies have continued to experience inflationary pressures and a deficit of \$200,000 is anticipated for the year.
- The 2023 provincial subsidy approval for RDPS will result in a surplus of \$750,000 compared to the 2023 budgeted estimate, similar to prior years' experience.

The overall result for the Health Department is a projected breakeven position for 2023.

4.3 Works Department

Transportation and Other General Tax Programs

- The Works Department reports that as of the end of November overall revenue and expenditures for the Transportation and other General Tax programs are projected to be in a surplus position of approximately \$400,000 for the year,

made up of an operating deficit of \$1,000,000, offset by a surplus of \$1,400,000 from capital project completed during the year.

- While the Winter Maintenance operation dealt with several significant storm events in early 2023, the start of the 2023/24 winter season has been mild. Consequently, at this point, a surplus of \$900,000 is anticipated for the year.
- The Roadside Maintenance program is anticipating a deficit of approximately \$1,600,000 due in part to increasing roadside shoulder grading, bridge maintenance and culvert replacement costs.
- Traffic programs such as Signals and Systems, and Signs and Markings are anticipated to be in a deficit position of \$1,600,000 for 2023, primarily due to reactive signal maintenance costs.
- A surplus position of \$600,000 is forecast for the Facilities Management program. Facilities continues to experience issues filling vacancies. The savings against budget for staff related costs is forecasted to be \$1,000,000, but this is partially offset by an increase in volume related costs, particularly in Janitorial Services, Building Site Salt and Snow removal, and Security Services.
- Staffing vacancies and the difficulty in attracting qualified staff to fill positions in the engineering and staff support and facilities management sections are anticipated to provide savings of approximately \$700,000.
- The net tax rate savings on completed and closed capital projects to date this year is \$1,400,000.

Solid Waste Management

- The Solid Waste Management division is projecting a deficit position of \$1,050,000 based on the following factors.
- Contractual price adjustments and fuel pricing have impacted the Collection, Processing, and Haulage programs. However, the deficit of \$700,000 projected for these programs is offset by the savings being realized in the Processing and Disposal programs, for a net surplus of \$150,000 from these operations.
- Contractual price escalations for the Durham York Energy Centre operations are expected to result in a deficit of \$250,000.
- Pricing volatility in the sale of recycled material continues to impact 2023 revenue and a revenue deficit of \$1,300,000 is estimated for the year.
- Personnel cost savings in the by-law enforcement and support areas are estimated at \$350,000, primarily from staff vacancies and time lag in filling positions.

Overall, the Works Department is anticipating a deficit of \$650,000.

4.4 Planning and Economic Development Department

- The Planning division has an estimated surplus of \$710,000 from vacancies experienced during the year. A review of positions in the wake of Bill 23, the More Homes Built Faster Act, has impacted hiring and the existing vacancies are expected to be filled in 2024.
- The Rapid Transit and Transit Oriented Development Office is reporting a surplus position of \$450,000 due to position vacancies, which will start to be filled given the provincial approval of the station implementation strategy.
- The Economic Development and Tourism division is anticipating a \$200,000 surplus for 2023. Vacancy savings are partially offset by increased program spending. It is anticipated that the hiring for vacant positions will be complete in the first quarter of 2024.
- At this time, a surplus of approximately \$1,360,000 is projected for the Planning and Economic Development Department.

4.5 Corporate Services Department

- The Information Technology division anticipates being at or near budgeted amounts at year end, resulting in a breakeven position. Savings from staffing vacancies are being experienced; however, the savings are being offset by use of temporary and agency staff to ensure continuation of service.
- The Human Resources division has experienced significant numbers of staff on leave and an increase in vacancies, due primarily to retirements. In addition, support for the recruiting and hiring of vacancies experienced throughout the Region has increased pressures on the division and resulted in increased use of agency staff. The approved hiring of two unbudgeted compensation analyst positions will contribute to the 2023 deficit, currently estimated at \$600,000 for 2023.
- The Legislative Services division reports there will be savings of approximately \$800,000 due to the timing of filling vacant positions in the Council Services, Information Management, and Privacy Office sections. Savings in the printing and staffing related areas, such as training, are also being realized.
- Expenditures of Service Durham, the division responsible for the implementation and operation of my Durham311, are projecting a breakeven position for 2023.

Overall, a surplus of \$200,000 is expected for the Corporate Services Department.

4.6 Office of the Chief Administrative Officer

- The programs reporting under the CAOs Office, including Corporate Communications and Governmental Relations, Strategic Initiatives, and Diversity Equity and Inclusion, anticipate savings of approximately \$450,000 due to the timing of filling vacancies.
- The Legal Services division is anticipating a surplus position of approximately \$400,000 for the year, because of staffing vacancies.
- The Provincial Offences Act (POA) program is anticipated to provide net revenue that is slightly over the budgeted net revenue of \$1,110,000. Gross fine revenue is trending much closer to budgeted amount of \$11.8 million than in prior years, with a small deficit projected. There are minor variances in accounts of the Court Services and Default Fine Collection programs, with savings that are expected to offset the shortfall in fine revenue. Consequently, a breakeven position is projected for the POA program for 2023.
- The Durham Emergency Management Office is projecting a breakeven position for the year.
- Overall, the CAO office is anticipating a surplus of \$850,000 for the year.

4.7 Finance Department

- The Finance Department is projecting a surplus of approximately \$1,600,000 for the year. Staff turnover, with the time required to fill vacant positions and the difficulty of attracting qualified candidates, is offset by use of temporary staff and overtime resulting in a \$900,000 surplus. Earnings from management of the Region's investment portfolio are anticipated be \$700,000 above budget.

4.8 Police Services

- As of November 30, 2023, the Police Service is forecasting year end results to be under budgeted level, but a breakeven position is forecasted for the year.
- Savings from salaries and benefits are a result of vacancies from staff departures and on-going recruitment challenges. These savings are offset by increased spending in overtime and benefit costs supporting injured staff.
- However, the July 2022 fire at the Clarington property will result in unplanned expenditures for the Police Service budget. The amount and timing of costs, and the offsetting insurance proceeds, are still being assessed and finalized. However, unplanned expenditures of approximately \$1,600,000 are anticipated in 2023.

4.9 Durham Region Transit

- As of November 30, it is projected that Durham Region Transit will generate a surplus of approximately \$2,200,000 based upon a review of actual expenditures and revenues to date and forecasts to the end of the year. However, certain financial risks remain and are being monitored, such the unexpected operating costs associated with the Raleigh facility fire.
- U-Pass revenue is higher than expected by about 15 per cent, or \$900,000, due to higher than anticipated enrolment for all terms in 2023. Presto revenue is also trending higher than budget by about \$1,900,000, offset by a sharp decline in other revenues such as cash paying fares, which are about \$1,100,000 lower than budgeted expectations. As a result, operating revenues are projected to be in a \$1,700,000 surplus position.
- A new contract for advertising is expected to result in surplus revenue of approximately \$100,000. In addition, unanticipated revenue of \$650,000 was received from the previous contract from the overall advertising revenue guarantees within the contract. It is estimated that the new contract guarantee will provide an additional \$200,000 based on activity to date, leading to an overall surplus of \$950,000 for advertising revenue.
- The Safe Restart Program, which provided emergency assistance to maintain critical service and help transit system deal with financial pressures related to COVID-19 was not renewed in 2023, and budgeted revenue will experience a \$3,100,000 shortfall.
- Overall, revenue is anticipated to be in a deficit position of approximately \$450,000.
- Payroll related expenditures are expected to be in a \$850,000 surplus mainly due to a lag in hiring conventional operators early in the year.
- There has been considerable price fluctuation and volatility related to fuel prices in 2023. To date, the average cost per litre is approximately \$1.52, compared to \$1.82 per litre budgeted. As a result, a surplus of \$2,000,000 related to fuel pricing so far has been realized, with an additional \$300,000 possible, if the trend in fuel prices continues through the remainder of the year. Fuel volume is also trending lower than budgeted expectations and is expected to be in a surplus position of approximately \$1,600,000, for a total savings on fuel of \$3,900,000.
- A deficit of \$2,500,000 is anticipated for on demand contract program, which is experiencing additional service requirements to meet rider needs. In addition, the transition of specialized bus services to a contracted service model in the fall is projected to increase costs above budgeted estimates.
- Contracted bus service for Whitby and the North is about 5 per cent higher than budgeted expectations to date, resulting in a projected deficit of \$200,000.

- Inflationary costs related to parts and servicing for bus repairs and maintenance are anticipated to result in a deficit of \$500,000 for 2023.
- Discretionary spending in various administrative accounts is expected to lead to a \$750,000 surplus.
- Unanticipated operating costs associated with the fire at the Raleigh facility and the loss of nineteen buses is expected to be about \$550,000 in 2023.
- Overall expenditure programs are anticipated to be in a \$1,750,000 surplus position.
- The net surplus general tax funding on capital projects completed and closed during the year is \$900,000.

4.10 Investment Earnings and Corporate Items & Other Initiatives

- The interest rate environment experienced in 2023 has resulted in investment returns exceeding the budgeted expectations. While much of the favourable investment returns are attributed to development charges, reserve funds and capital accounts, the surplus earnings associated with the Regional property tax supported operations is forecast to exceed the budgeted revenue by an estimated amount of \$13,000,000.
- The following major initiatives have been approved after approval of the 2023 Business Plans and Budgets and require funding from property tax sources:

In May 2023 Regional Council endorsed Report 2023-COW-19, Updated Regional Response to the City of Oshawa Request for Cost Sharing for Dedicated Downtown Patrol Enforcement. To deliver this service the following items require funding:

- | | |
|---|-----------|
| • A contribution to the City of Oshawa for 50% of its 2023 special security costs to a maximum of \$500,000. | \$500,000 |
| • Purchase of computer equipment for outreach staff | \$25,000 |
| • Purchase of 3 vehicles for the community outreach program workers and to assist in delivery of supplies and services. | \$210,000 |

| | |
|--|-----------|
| Recruiting, training and computer equipment for hiring of ten Regional outreach workers and equipment with six months of estimated costs | \$500,000 |
|--|-----------|

| | |
|---|---------------------|
| Acquisition of 1635 Dundas, Whitby – property purchase and renovations | \$18,600,000 |
| Additional financing for Settlement Services with the Community Development Council Durham for asylum seekers and refugee | <u>\$7,902,000</u> |
| Corporate Items & Other Initiatives Funding Required | <u>\$27,737,000</u> |

- The purchase of 1635 Dundas, Whitby to address asylum, refugee and homelessness requires financing from General Tax sources and, along with the Corporate Items and Other Initiatives listed above, will be funded to the extent possible from 2023 General Tax surplus funds, with any overage to be funded from reserve or reserve funds at the discretion of the Commissioner of Finance.

5. Water Supply and Sanitary Sewer Systems

Water Supply Operation

- 5.1** The Works Department reports that a surplus of \$1,700,000 is currently forecast for the Water Supply operation, primarily driven by savings on payroll costs that are somewhat offset with cost over-runs in the depot and maintenance operations. Savings in staffing costs due to vacancies in Engineering and Staff Support, Plants, Depots, and Facilities Management sections are anticipated to total approximately \$3,100,000 and along with other operational accounts, a total savings of \$3,900,000 is forecast. However, reactive work on watermain leaks, water service repairs and water valve maintenance are expected to be in a deficit of approximately \$2,200,000, resulting in the overall net surplus of approximately \$1,700,000 for the operational programs.
- 5.2** Emergency filter replacements at two units at the Oshawa Water Supply plant have been identified. Work is underway to determine the effort required to complete the rehabilitation of the filters, with contemporaneous efforts underway to prepare for the replacement of the filter media and related stainless steel underdrains. The preliminary estimate for this work, as approved by Regional Council (Report #2023-W-22) is \$5,000,000. This project will be funded from the net excess water user rate financing on capital projects completed and closed to date. The projected surplus from completed and closed capital project, net of the emergency filter replacement, is approximately \$9,000,000.
- 5.3** To the end of November, water consumption is trending about 3 per cent higher than that of the same period for the previous year. Growth in the number of water customers at approximately 1.3 per cent is slightly higher than the estimated growth for 2023, accounting for a portion of increased consumption. However, consumption from the industrial, commercial, and institutional (ICI) sectors is returning to pre-pandemic levels and is trending higher than budgeted estimates. The combination of these factors is expected to result in an estimated water supply

user rate revenue surplus of \$4,500,000 for 2023, representing approximately 3.7 per cent of budgeted user revenue.

- 5.4** Overall, a surplus position of \$15,200,000 for the water supply system is anticipated at this time.

Sanitary Sewer System

- 5.5** The Works Department projects that the current operational expenditures for the Sanitary Sewer system are anticipated to produce a surplus position of approximately \$900,000 by year end. Vacancies and related salary savings, primarily in the Engineering and Staff Support, Plants and Facilities Management sections, are anticipated to total approximately \$1,800,000 million. Additional operational savings of \$200,000 are expected for a number of accounts, particularly in sludge haulage and disposal. However, it is anticipated that service volumes related to the repair and maintenance of sewer connections, increased hydro jet sewer cleaning costs, emergency maintenance hole repairs, and other depot services will be over budget by approximately \$1,100,000 million, resulting in a net surplus position of \$900,000.
- 5.6** The net excess sewer user rate financing on capital projects closed to date is \$4,000,000. However, in November Regional Council approved additional funding for a number of capital projects that required funding due to higher contractor and consultant costs, which has fully utilized the funds available from the projects that were completed and closed.
- 5.7** Similar to water supply user revenues, the sanitary sewer charges from the residential sector are slightly higher than that of the previous year, and billings to the ICI sectors are returning to pre-pandemic levels. A surplus position of \$4,000,000 is anticipated for sanitary sewer user revenue for 2023, representing approximately 3.2 per cent of budgeted user revenue.
- 5.8** Overall, a net surplus position of approximately \$4,900,000 is anticipated for the sanitary sewer system.

6. Relationship to Strategic Plan

- 6.1** This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- 5.3 - Demonstrate commitment to continuous quality improvement and communicating results:
Durham Region is committed to continuous quality improvement and using data and information to make evidence-informed decisions. We will support transparency and accountability by providing clear and consistent communication and sharing of results with the community.

7. Conclusion

- 7.1** Based on the available information to the end of November, surplus positions are forecast for the User Rate Supported Water Supply and the Sanitary Sewer Systems. A breakeven position is projected for the Property Tax supported operations at this time, with the assumption that reserve or reserve fund financing, with the amount and source determined at the discretion of the Commissioner of Finance using delegated authority, will be needed to fund a portion of the capital costs associated with the acquisition of the 1635 Dundas property.
- 7.2** Forecasting is challenging at the best of times, but in these times of extreme uncertainty, it is even more so. It is important to note that there are many assumptions needed to produce the forecast and that actual year end results may differ from the projections noted above.

Respectfully submitted,

Original Signed By _____

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance