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The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2024-W-6
Date: March 6, 2024

Subject:

2024 Works Department Business Plan and Budget

Recommendation:

That the Works Committee recommends to the Finance and Administration Committee for subsequent recommendation to Regional Council that the 2024 Business Plan and Budget for the Works Department's General Tax and Solid Waste Management Operations be approved.

Report:

1. Purpose

1.1 The purpose of this report is to obtain Works Committee concurrence of the 2024 Business Plan and Budget for the Works Department's General Tax (including roads, bridges, and other general tax supported programs) and Solid Waste Management programs. The Works Department 2024 Business Plan and Budget will be considered by the Finance and Administration Committee during deliberations of the 2024 Property Tax Supported Business Plan and Budget.

2. Overview

2.1 The recommended 2024 Works Department Business Plan and Budget meets the Council-approved guideline for the 2024 Property Tax Supported Business Plan and Budget.

- 2.2 The 2024 Works Department Business Plan and Budget supports and advances the goals of the Regional Municipality of Durham's (Region) Strategic Plan, namely:
- Environmental Sustainability
 - Community Vitality
 - Economic Prosperity
 - Social Investment
 - Service Excellence
- 2.3 The recommended 2024 Works Department Business Plan and Budget includes:
- a. **Works General Tax:** gross expenditures to deliver roads, bridges and other general tax programs totalling \$219.21 million in gross expenditures, requiring \$61.72 million in property tax funding with the remaining funded by program fees, development charges, Canada Community-Building Fund proceeds, Investing in Canada Infrastructure Program (ICIP) grant financing, debenture financing, reserves and reserve funds; and,
 - b. **Solid Waste Management:** gross expenditures to deliver solid waste management planning and operating activities totalling \$90.18 million, requiring \$61.07 million in property tax funding with the remaining expenditures funded by program fees, industry funding, reserves and reserve funds, and recoveries from the Regional Municipality of York.
- 2.4 The recommended 2024 Works Department Business Plan and Budget provides operating and capital funding for the following divisions:

Works General Tax

- a. Maintenance Operations
 - Winter Control
 - Roadside Maintenance
 - Regional Storm Sewers
- b. Traffic Operations
 - Signals and Systems
 - Signs, Markings and Roadside Protection
 - Engineering and Central Control Systems
- c. Engineering and Staff Support
- d. Facilities Management
- e. Durham Regional Forest

- f. Depot Operations
- g. Fleet Operations
- h. Administration

Solid Waste Management Operations

- a. Waste Management Facilities
- b. Collections, Processing and Disposal
- c. Administration
- d. Facilities Management
- e. Regional Corporate Costs
- f. Waste Management Centre
- g. Community Outreach
- h. Environmental Studies

2.5 The 2024 Works Department Business Plan and Budget also provide funding for a share of the operation and maintenance of Regional Headquarters.

3. 2023 Accomplishments

3.1 In 2023, the Works Department:

- a. Advanced the implementation of the Durham Vision Zero Safety Plan, including the installation of four new fixed Automated Speed Enforcement (ASE) cameras, and the deployment of two additional ASE cameras on a rotational basis. As of the end of 2023, the Region has 14 ASE cameras consisting of eight fixed and six mobile cameras covering approximately 40 locations.
- b. Completed the rehabilitation of 19 lane kilometres of Regional roads, including the installation of 31 lane kilometres of wider paved shoulders on rural roads.
- c. Completed several major growth-related and road reconstruction projects including the roundabout at Regional Road 57 and Regional Road 3, Westney Road widening from Rossland Road to Taunton Road, Cochrane Street Bridge replacement, and Lake Ridge Road rehabilitation from Myrtle Road to north of Chalk Lake Road.
- d. Advanced the visioning and initial business case study to explore rapid transit feasibility on Simcoe Street.

- e. Advanced detailed design for 13 kilometres of median Bus Rapid Transit lanes through the City of Pickering, the Town of Ajax, and the Town of Whitby.
- f. Ongoing collaboration with Indigenous communities for rapid transit initiatives.
- g. Acquired properties to support the advancement of Regional strategic initiatives and projects and negotiated leases for space for program delivery, including the following strategic acquisitions:
 - Secured leased spaces at 312 Colborne Street West and 117 King Street, in the Town of Whitby, for a shelter and transitional home for residents experiencing homelessness.
 - Secured leased space at 710 Wilson Road South, in the City of Oshawa, for Durham Regional Police Service for the Fleet and Canine operations which were displaced by fire.
 - Facilitated the purchase and refurbishment of the former Sunnycrest Long-Term Care Home (1635 Dundas Street East, Town of Whitby) for temporary housing solutions to address increased homelessness within the Region.
 - Acquired land requirements for several growth and road rehabilitation projects to advance the transportation objectives outlined in the Region of Durham Official Plan.
 - Acquired 20 properties for the Highway 2 Bus Rapid Transit project to advance the Rapid Transit Program in Durham Region and six properties for the Regional Road 57 widening project from Baseline Road to King Street West (Regional Highway 2), in the Municipality of Clarington.
- h. Provided service to more than 321,000 customers at the Region's Waste Management Facilities.
- i. Continued preparation for the Region's transition to the Extended Producer Responsibility Program in 2024.
- j. Awarded a 10-year contract for the anaerobic digestion of Green Bin organics allowing for the expansion of the Green Bin Program in 2024 and the future Green Bin Program for the multi-residential sector.
- k. Reached agreements with existing contractors to continue to provide curbside collection services for the Region's Business Improvement Areas during transition to the Extended Producer Responsibility Program.

- l. Negotiated agreements with Product Care Association for the continuation of the hazardous waste programs at the Region's Waste Management Facilities.
- m. Constructed a pilot biocover system at the closed Oshawa Landfill site to determine the extent of potential methane reduction method for closed landfills in the Region.
- n. Developed and launched an updated Waste Management Education Program for elementary and high schools, and released videos promoting the Region's waste services and initiatives.
- o. Conducted additional air monitoring studies to analyze and identify the effect of other local sources of gaseous air pollutant emissions.
- p. Adopted the Corporate Building Standard (Durham Building Standard) applicable to all Regional facilities.
- q. Supported the preparation of various grant applications for funding of projects related to the deep energy retrofits and building improvements within the Durham Regional Local Housing Corporation portfolio.
- r. Acquired the Leasing and Energy Sustainability Modules of the asset management software solution (Ameresco) to allow for tracking of landholdings, leased properties and Regional energy used by site.
- s. Advanced Regional facilities capital projects including:
 - Commenced construction of the Seaton Long-Term Care facility in the City of Pickering.
 - Continued construction of the Beaverton Supportive Housing with substantial performance expected for summer 2024.
 - Continued construction of the Region of Durham Paramedic Services (RDPS) Station and Training facility in Seaton with substantial performance expected for summer 2024.
 - Continued construction of the Phase 2 Clarington Police Complex for Durham Regional Police Service with substantial performance anticipated in spring of 2025.
 - Continued work on the York Durham Regional Environmental Lab with substantial performance expected for fall of 2024.
 - Completed building envelope improvements to Durham Regional Local Housing Corporation facilities at 155 King Street West, in the City of Oshawa, and 655 Harwood Avenue, in the Town of Ajax.

- Completed construction of Phase 1 of the Workplace Modernization Project at Regional Headquarters including occupancy of floors four and five.
 - Commenced refurbishment of the 1635 Dundas Street facility to accommodate 45 low-barrier shelter beds in the short term, and for future housing options to address increased homelessness within Durham Region.
 - Awarded the Request for Proposal to standardize the electric vehicle charging infrastructure supplier to support the installation of charging stations at Regional facilities over the next five years.
 - Awarded the Request for Proposal for consulting services for the community needs assessment and conceptual site master plans for the Ritson School Project and hosted public consultation meetings with businesses, service providers and residents.
 - Initiated the agreement with Infrastructure Ontario for the development of a business case to assess the feasibility of delivering housing outcomes by redeveloping the Malaga Road and Christine Crescent Durham Regional Local Housing Corporation sites.
 - Completed various state-of-good repair projects in alignment with the Region's Asset Management Plan; and
 - Completed the first round of Building Condition Assessments on all Regional buildings one year ahead of schedule.
- t. Supported the implementation of the Regional Cycling Plan to provide residents with a safe and accessible network through the addition of 14 kilometres of new cycling facilities.

Awards and Achievements

- Received the Ontario Public Works Association Project of the Year Award in the Structures less than \$2 million category for the Micro-home Supportive Housing Project.
- Received the Ontario Public Works Association Project of the Year Award in the Transportation, less than \$2 million category for the Newtonville Road (Regional Road 18) Rehabilitation Project using recycled materials.

4. 2024 Strategic Highlights

4.1 The Works Department 2024 Business Plan and Budget proposes significant investments for capital infrastructure, including:

- a. Total capital for Regional roads and infrastructure projects totalling \$161.1 million, including \$23.7 million in funding from the Federal and Provincial governments under the Investing in Canada Infrastructure Program (ICIP) applied towards projects costing a total of \$32.4 million. Of the remaining \$128.7 million, \$32.1 million are growth-related (including \$0.9 million for cycling infill projects), with the balance of \$96.6 million for rehabilitation of existing infrastructure and system improvement projects, including:
 - \$51.15 million for rehabilitation of roads and bridges and replacement of the Traffic Management Control System.
 - \$44.0 million in capital investments related to the expansion and modernization of Works maintenance depots. This includes \$35.0 million for the expansion of the Ajax/Pickering Maintenance Depot, including a 20-bay cold vehicle storage building, \$5.0 million for the design of the new Oshawa/Whitby Maintenance Depot and \$4.0 million for the design of the new Sunderland Maintenance Depot. Of this total \$44.0 million, \$29.3 million in financing was approved through the 2024 Water Supply and Sanitary Sewerage Business Plan and Budget with the balance of \$14.7 million proposed in the 2024 Works Department Business Plan and Budget to be financed through development charges and debt financing.
 - \$1.45 million in capital investments to achieve Durham Vision Zero's goals, with the financing of \$0.65 million provided from the Vision Zero Initiatives Reserve Fund, for enhanced pavement and line markings.
- b. 2024 capital projects for waste management total \$4.7 million and include a \$4.0 million investment to redesign and reconstruct the Oshawa Waste Management Facility, optimizing the site to ensure it is utilized to its full extent and achieves the goals outlined in the Region's Long-Term Waste Management Plan 2022-2040.

4.2 In addition to the capital priorities, the proposed 2024 Works Department Business Plan and Budget includes impacts for key operational initiatives such as:

- a. Increases in road maintenance costs in response to growth, historical service demands and increased cost of operations, totalling \$0.88 million.

- b. \$0.87 million investment to provide up to 35,000 green bins to residents at 50 per cent discount to accommodate additional capacity requirements and encourage participation in the Enhanced Green Bin Program.
 - c. Net savings of \$2.36 million for Waste Management Services due to the Region's planned transition to the Extended Producer Responsibility Program effective July 1, 2024, and the launch of the Enhanced Green Bin Program. The savings have been used to partially fund the significant capital improvements at the Oshawa Waste Management Facility in 2024 estimated at \$4.0 million. Future annual net savings will be used to fund large capital projects including the construction of an anaerobic digestion/pre-sort facility.
- 4.3 The Works Department also leads and supports key corporate projects and initiatives, including:
- a. Design, construction, and commissioning of the Seaton Long-Term Care Facility in the City of Pickering under an accelerated schedule, with an estimated project cost of \$162.25 million.
 - b. Implementation of the Durham Building Standard, providing guidelines related to energy efficiency, greenhouse gas emissions and reductions, and incorporation of amenities that support diversity and inclusion of workplace for all projects related to the construction or renovation/retrofit of Regional facilities.
 - c. Redevelopment and delivery of deep energy retrofit work at various Durham Regional Local Housing Corporation sites, 101 Consumers Drive, in the Town of Whitby, and 300 Ritson Road South, in the City of Oshawa.
 - d. Design, construction, and property acquisition to advance Bus Rapid Transit initiatives, and Durham Region Transit facilities at 2400 Thornton Road North and 710 Raleigh Avenue, in the City of Oshawa.
 - e. Complete tree marking activities and standing timber sales at the Durham Regional Forest in the Township of Uxbridge to allow for natural regeneration of species such as sugar maple, red oak and American beech.
 - f. Continued support to Durham OneNet, Inc. (DONi) in advancing the Region's broadband expansion network.
- 4.4 The Works Department has modestly grown its workforce over the years. The amount of work required to support the services that the residents rely on and for the planning, detailed design and construction of road infrastructure that is required to achieve the Provincial housing targets and local municipal housing pledges continues to exceed existing staffing levels. To address this rapid population growth and to ensure efficient, timely and effective delivery of services, the Region engaged a third-party consultant to assess the Works Department's structure and

culture and to ensure the department is appropriately resourced to deliver the increasing scope and priority projects. As a result, the corporate portion of the 2024 General Tax and Waste Budget includes a provision of \$0.94 million for full time equivalent employees (FTEs) anticipated as a priority from the recommendations of the Works Department assessment. This is a minimum 2024 requirement to set the groundwork for resourcing and advancing a significant capital program, maintaining assets in a state of good repair, and operating the existing infrastructure in line with targeted levels of service and community expectations, all key to facilitating the achievement of housing targets.

- 4.5 The Works Department provides significant support and leadership to key Regional initiatives included in the 2024 Business Plan and Budget that provide mitigation and adaptation measures and strategies to address the Region's climate change initiatives, including:
- a. Replacement of seven electric hybrid half ton pick-up trucks at various locations for \$0.74 million, funded through the equipment replacement reserves.
 - b. Continued support through the Rapid Transit Office and Corporate Real Estate for the implementation of Bus Rapid Transit on Highway 2.
 - c. Design and construction of the Durham Region Transit Maintenance Facility on Thornton Road North, in the City of Oshawa. This facility will support a full fleet of zero-emission vehicles while aiming for high energy standards that will allow it to be a net-zero energy building.
 - d. Complete deep energy building retrofits of Durham Regional Local Housing Authority's senior's housing portfolio to reduce energy consumption and carbon emissions under Federation of Canadian Municipalities' Sustainable Affordable Housing Program.
 - e. Issue Greenhouse Gas Reduction Pathway Feasibility Studies for up to 55 Regional sites.
 - f. Delivery of electrical vehicle charging infrastructure funded in part through Natural Resources Canada's (NRCAN) Zero Emission Vehicle Infrastructure Program (ZEVIP).
 - g. Continued utilization of recycled materials for road construction.
 - h. Expanding the Durham Active Transportation network.

5. 2024 Risks and Uncertainties

5.1 Areas of potential risks and pressures that could impact the operating and capital budgets of the Works Department include:

a. Risks related to legislative changes, regulations, and provincial reviews:

- Ongoing efforts to comply with Ontario Regulation 239/02 minimum road maintenance standards with the expansion of the Region's road network.
- Ongoing challenges to meet the requirements of the Accessibility for Ontarians with Disabilities Act (AODA) as it relates to the installation of Accessible Pedestrian Signals.
- Obligation to meet legislative standards such as the Ontario One-Call Program response time requirement.
- On-Site and Excess Soil Management Ontario Regulation 406/19.
- Transition to the Extended Producer Responsibility Program including the negotiated agreement with the Producers for Blue Box services. Poor performance of the new Blue Box Program could result in recyclables being placed in the garbage, leading to increased costs to the Region.
- Cost to continue providing recycling services at the Region's waste management facilities. The Region's current Blue Box collection contract includes curbside battery collection, and replacement contracts for these collections will be required.
- Requirements and timing of the Province's Food and Organic Waste Policy Statement/Framework. Resident uptake of the Green Bin expansion program in 2024 will ultimately determine the resources necessary to maximize the diversion of the added materials from the disposal stream. Negotiations for a shared services agreement with the City of Oshawa and Town of Whitby for a multi-residential Green Bin program are ongoing, and the terms of an agreement may impact the 2025 operating budget.

b. Revenue/Funding pressures:

- Uncertainty around revenue/funding pressures (e.g., Provincial/Federal infrastructure programs which require matching Regional investment).
- The Region has been using Development Charges to help finance the growth-related portion of the road and bridge expansion projects. It is projected that these reserve funds will be reduced significantly over the next five years because of Bill 23 'More Homes, Built Faster Act, 2022'

and Bill 134 'Affordable Homes and Good Jobs Act, 2023'. Additional information on the 2024 Capital Budget and Nine-year Forecast for roads and infrastructure, including the associated financing plan, financial risks and Bill 23 impacts will be included in Report 2024-F-3 being presented to Finance and Administration Committee at the March 19, 2024, meeting.

- Uncertainty around receipt and availability of development charge revenue to fund major projects. Any reduction in Development Charges for growth will result in increased pressure on road rehabilitation available financing.
- Uncertainty regarding Blue Box material commodity pricing and industry funding which will be ending on June 30, 2024, with the transition to the Extended Producer Responsibility Program.
- Federation of Canadian Municipalities' recent communication, highlighting Infrastructure Canada's review of the Canada Community Building Fund and potential changes to funding allocations raises risk around the long-term sustainable funding of critical road and bridge rehabilitation work.

c. Operating and Capital Pressures:

- Increasing costs of operations and capital construction due to unprecedented inflation on materials and supplies, including contractual increases and supply chain issues critical for service provision and capital project delivery.
- Resource pressures for the delivery of capital programs due to the increasing number and complexity of projects.
- Recruiting and retaining qualified staff, especially in the highly competitive job market.
- Ongoing difficulties experienced by contractors recruiting and retaining staff to deliver waste management services resulting in increased contract costs.
- Managing the pressures from growth and increased demand on services to support residents and businesses as well as the operational and maintenance requirements for Regional infrastructure including the transportation network and waste management operations.

6. Future Budget Pressures

6.1 Looking forward over the next four years, the following significant budget pressures include:

a. Growth Requirements:

- Increased demands for road maintenance, traffic signal maintenance and solid waste management programs in growth areas.
- Increased fleet and equipment requirements to service and maintain growing infrastructure.
- Increased capital infrastructure including new, expanded, and modernized facilities to accommodate service growth and development.

b. Asset Management and Infrastructure Requirements:

- Reconstruction, modernization and expansion of existing Maintenance Operations Depots and Regional Waste Management Facilities.
- Increased infrastructure to support Durham Regional Local Housing Corporation initiatives and the expansion of Long-Term Care, Region of Durham Paramedic Services, Durham Regional Police Service and Durham Region Transit needs.
- Replacement of the fuel management system and related infrastructure.
- Financial and staffing constraints to address state of goods repair for the road network. Over the 10-year capital forecast, annual funding for the road rehabilitation levy is projected to increase from \$26.1 million in 2024 to \$32.3 million in 2033. This increase is required to keep pace with project capital cost escalations and bring the annual road rehabilitation program in-line with the Region's pavement condition index service level.
- Roads, traffic control, bridge expansion and rehabilitation needs. The projected reserve/reserve funds draw for these programs between 2024 and 2033 is estimated at \$884.2 million for capital infrastructure.
- Increased demand for maintenance, cleaning and winter operations for new roads and sidewalks for a clean, safe and comfortable transport infrastructure for pedestrians, transit users, vehicles and the movement of goods.

c. Legislative and Regulatory Requirements:

- Schedule 10 of Bill 23 'Supporting Growth and Housing in York and Durham Regions Act, 2022' will impact the amount of development charges available to fund new and expanded infrastructure to service

growth. Without development charge revenues, financing for infrastructure will need to be provided from property taxes.

- Ongoing environmental protection, compliance, and rehabilitation requirements for closed landfills.
- Increased requirements for the reduction and diversion of food and organic waste including the roll-out of an Enhanced Green Bin Program for multi-residential properties.

7. Relationship to Strategic Plan

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

a. Goal 1 - Environmental Sustainability:

- Accelerating the adoption of green technologies and clean energy solutions through strategic partnerships and investment with internal and external partners and academic institutions. The Region is currently partnering with the Toronto Atmospheric Fund to deliver building retrofits of the seniors housing portfolio to reduce energy consumption and carbon emissions under Federation of Canadian Municipalities' Sustainable Affordable Housing Program.
- Increasing resource recovery through the implementation of an interim food and organic waste management strategy in 2024 with continued efforts to develop a long-term food and organic waste management strategy; converting the Region's contracted waste management fleet to renewable natural gas fuelling; and promoting the use of recycled materials in construction projects.
- Protecting, preserving and restoring the natural environment including greenspaces, waterways, parks, trails, and farmlands by exploring integrating environmentally sensitive solutions and practices; increasing restoration measures for impacted areas from construction projects; continuing controlled-harvest practices in all Durham Regional Forest tracts; exploring low and no-mow landscaping options and naturalization on sites; and ensuring site plan development preserves natural features and favours native plant restoration.
- Demonstrating leadership in sustainability and climate change action by mitigating the environmental impacts of projects and continuing to showcase environmental awareness and the importance of Regional assets, such as the Durham Regional Forest. Landfill reclamation and remediation work will continue, along with the ongoing implementation of

the Oshawa Landfill Pilot Project to study the potential of a biocover to mitigate landfill gas generation.

- Expanding sustainable and active transportation by promoting transit and cycling; identifying and prioritizing road maintenance and winter response on primary cycling routes.
- b. Goal 2 - Community Vitality:
- Revitalizing existing neighbourhoods and building complete communities that are walkable, well-connected, and have a mix of attainable housing through the expansion of the Regional cycling network.
 - Enhancing community safety and well-being with improvements to road traffic safety by advancing projects that are part of the Durham Vision Zero initiative.
- c. Goal 3 - Economic Prosperity:
- Better connections for people and the movement of goods by constructing and maintaining an efficient goods movement network.
 - Supporting the Bowmanville GO East extension and the Rapid Transit network.
 - Centralizing Regional services at strategic facilities to reduce travelling time and increasing convenience for residents.
 - Expediting the delivery of high-speed internet services to the rural and underserved communities across Durham Region by leveraging and expanding upon the existing Traffic Operations fibre optic network.
- d. Goal 4 – Social Investment:
- Supporting the revitalization of Durham Regional Local Housing Corporation sites, including advancing the redevelopment of underutilized Regional sites to facilitate modern, safe mixed-income communities while increasing the number of affordable housing units.
 - Collaborating with departments and community organizations to advance housing support across Durham Region, including leading the design and construction of modular supportive housing and micro-homes and advancing land banking opportunities.
- e. Goal 5 - Service Excellence:
- Collaborating for a seamless service experience by partnering with local municipalities and maintaining the service request system to address external concerns through a single point of contact.

- Demonstrating commitment to continuous quality improvement and transparency through public engagement on all major public works initiatives in real-time.

7.2 The Strategic Priorities section of the 2024 Works Department Business Plan and Budget document further highlights planned activities for the current budget year which will contribute to the achievement of the priorities outlined in the Region's Strategic Plan.

8. Conclusion

8.1 The proposed 2024 Works Department Business Plan and Budget meet the Council-approved guideline for the 2024 Property Tax Supported Business Plan and Budget and supports the department's role in the provision of roads, bridges and other general tax supported programs and services.

8.2 It is recommended that the Works Committee approve the 2024 Business Plan and Budget for the Works Department's General Tax and Solid Waste Management Operations and forward this report to the Finance and Administration Committee for consideration during the budget deliberations of the 2024 Property Tax Supported Business Plan and Budget.

8.3 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the recommendation.

8.4 For additional information, contact Christine Dunkley, Director, Corporate Infrastructure and Strategic Business Services, at 905-668-7711 extension 3475.

9. Attachments

Attachment #1: Detailed 2024 Business Plan and Budget for the Works Department's General Tax and Solid Waste Management Operations.

Respectfully submitted,

Original signed by:

Ramesh Jagannathan, MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine Baxter-Trahair
Chief Administrative Officer