

Report #7 of the Finance & Administration Committee

For consideration by Regional Council

December 13, 2022

The Finance & Administration Committee recommends approval of the following:

1. Procedural By-law (2022-A-23)

That Procedural By-law #44-2018, as amended, be repealed, and replaced with a by-law generally in the form included as Attachment #1 to Report #2022-A-23 as amended with the following:

- Motions to reconsider are not required after 12 months.

2. Appointment of Directors to Durham OneNet Inc. (2022-A-25)

A) That the following persons be appointed to the Board of Directors as members.

i) Catherine Rosebrugh

ii) David Stevens

iii) Ingrid Robinson

iv) Francis Garwe; and

B) That the Shareholder's Direction be amended as follows:

i) S. 7.1 (k) be amended to add “. . . and set employee compensation such that total compensation is comparable to Regional staff with comparable roles and duties.”

ii) S. 7.2 (b) (ii) be amended to remove “. . . and the slate of six shall include the President of the Corporation.”; and

C) That the Regional Solicitor as Secretary for the OneNet Inc. Board is directed to carry out such tasks as may be required to implement the recommendations from Regional Council.

3. Temporary Borrowing By-law for 2023 (2022-F-20)

A) That the Regional Chair and the Treasurer be authorized in 2023 to borrow funds not to exceed \$500 million to meet current expenditures and liabilities until such time as the general tax revenues of the Region are received; and

B) That approval be granted for the requisite by-law(s).

4. 2023 Interim Regional Property Tax Levy ([2022-F-21](#))

- A) That a 2023 interim regional property tax levy be imposed on the lower-tier municipalities for all property tax classes; and
- B) That the amount due from each lower-tier municipality is estimated to be equivalent to 50% of their respective share of the regional property taxes collected in 2022;
- C) That the 2023 interim regional property tax levy be paid by the lower-tier municipalities seven days subsequent to the instalment due dates established by each lower-tier municipality for the collection of their respective interim municipal property taxes;
- D) That the Regional Clerk be requested to advise the lower-tier municipalities of the imposition of the 2023 interim regional property tax levy for all property tax classes; and;
- E) That approval be granted for the requisite by-law.

5. 2023 Business Plans and Budget and Nine-Year Capital Forecast for the Consolidated Water Supply and Sanitary Sewerage Systems ([2022-F-22](#))

- A) That the 2023 Business Plans and Budget for the Water Supply System, with a total gross expenditure of \$222.66 million (net user rate supported expenditure of \$122.82 million) and related financing as set out below, be approved:

	2022 Gross Budget (\$ 000's)	2023 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
<u>EXPENDITURES</u>			
Operations:			
Watermain Cleaning and Repairs	3,545	3,481	(64)
Valves and Hydrants	3,255	3,129	(126)
Water Connections	4,725	4,405	(320)
Water Meter Repair and Testing	594	590	(4)
Depot Operations	6,220	7,181	961
Water Supply Plants - Plants East	3,332	3,498	166
Water Supply Plants - Plants Central	14,601	15,492	891
Water Supply Plants - Plants North	3,011	3,316	305
Sun Valley Co-Operative Water System	30	30	-
Engineering and Staff Support	8,293	8,804	511
Facilities Management	8,184	8,535	351
Administration	342	370	28
Headquarters Shared Costs	1,153	1,203	50
Utility Finance	3,552	3,620	68
Share of Regional Corporate Costs	13,043	13,495	452
Subtotal Operations	<u>73,880</u>	<u>77,149</u>	<u>3,269</u>
Capital/Debt Charges:			
TCA Capital	6,812	23,320	16,508
Construction of Municipal Services	120,104	120,878	774
Debt Charges	1,312	1,312	-
Subtotal Capital/Debt Charges	<u>128,228</u>	<u>145,510</u>	<u>17,282</u>
TOTAL EXPENDITURES	<u>202,108</u>	<u>222,659</u>	<u>20,551</u>
<u>FINANCING</u>			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	63,793	68,205	4,412
Commercial Development Charges - Growth Related Capital	2,420	2,462	42
Industrial Development Charges - Growth Related Capital	1,607	-	(1,607)
Industrial Development Charges - Debt Charges	415	415	-
Institutional Development Charges - Debt Charges	22	22	-
Water Rate Stabilization Reserve Fund	5,882	3,644	(2,238)
Asset Management Reserve Fund	5,623	5,763	140
Servicing of Employment Lands	683	-	(683)
Equipment Replacement Reserve	63	40	(23)
Fees and Service Charges	3,240	3,521	281
Financing From Others:			
Federal Grant	67	-	(67)
Debtenture Proceeds:			
Depot Rationalization - Ajax Depot Expansion	-	1,667	1,667
Depot Rationalization - New Oshawa/Whitby Depot	-	12,667	12,667
Depot Rationalization - New Sunderland Depot	-	1,333	1,333
Financing From Non-User Revenue Sources	<u>83,815</u>	<u>99,739</u>	<u>15,924</u>
User Revenues Financing (includes \$102 in 2023 frontage charges)	<u>118,293</u>	<u>122,920</u>	<u>4,627</u>
TOTAL FINANCING	<u>202,108</u>	<u>222,659</u>	<u>20,551</u>

- B) That the Nine-Year Capital Forecast for 2024 to 2032 inclusive, in the amount of \$1.77 billion, including project debenture financing of \$441.98 million, as detailed in the Water Supply System Capital Budget, be received for information;
- C) That the 2023 Business Plans and Budgets for the Sanitary Sewerage System with a total gross expenditure of \$285.48 million (net user rate supported expenditure of \$123.44 million) and related financing as set out below, be approved:

	2022 Gross Budget (\$ 000's)	2023 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
<u>EXPENDITURES</u>			
Operations:			
Cleaning, Repairs and Maintenance Holes	2,188	2,208	20
Sewer Connections	3,567	3,388	(179)
Depot Operations	3,492	3,612	120
WPCPs and Pumping Stations	25,240	26,393	1,153
Duffin Creek WPCP	38,399	46,580	8,181
Regional Environmental Laboratory	3,213	3,053	(160)
Engineering and Staff Support	8,076	8,439	363
Facilities Management	9,516	10,243	727
Administration	345	373	28
Headquarters Shared Costs	1,153	1,203	50
Utility Finance	3,552	3,620	68
Share of Regional Corporate Costs	16,436	16,767	331
Subtotal Operations	115,177	125,879	10,702
Capital/Debt Charges:			
Duffin Creek WPCP - TCA Capital	3,044	2,007	(1,037)
Regional Environmental Lab - TCA Capital	1,057	703	(354)
TCA Capital	4,804	18,484	13,680
Construction of Municipal Services	138,660	126,309	(12,351)
Debt Charges	13,028	12,094	(934)
Subtotal Capital/Debt Charges	160,593	159,597	(996)
TOTAL EXPENDITURES	275,770	285,476	9,706
<u>FINANCING</u>			
Contributions from Reserve Funds:			
Residential Development Charges - Growth Related Capital	25,703	36,203	10,500
Residential Development Charges - Debt Charges	7,836	7,758	(78)
Commercial Development Charges - Growth Related Capital	2,341	2,609	268
Commercial Development Charges - Debt Charges	820	815	(5)
Industrial Development Charges - Growth Related Capital	192	1,874	1,682
Industrial Development Charges - Debt Charges	532	509	(23)
Institutional Development Charges - Debt Charges	8	7	(1)
Sanitary Sewer Rate Stabilization Reserve Fund	9,826	442	(9,384)
Asset Management Reserve Fund	9,275	11,107	1,832
Servicing of Employment Lands	509	-	(509)
Equipment Replacement Reserve	44	40	(4)
Regional Environmental Lab Equipment Replacement Reserve	750	475	(275)
Fees and Service Charges	7,044	7,639	595
Financing From Others:			
Federal Grant	27	-	(27)
Region of York - TCA	2,505	1,692	(813)
Region of York - Construction of Municipal Services	60,883	38,999	(21,884)
Region of York - Operating	29,488	35,821	6,333
Region of York - Environmental Lab Operations	456	349	(107)
Debenture Proceeds:			
Depot Rationalization - Ajax Depot Expansion	-	1,667	1,667
Depot Rationalization - New Oshawa/Whitby Depot	-	12,667	12,667
Depot Rationalization - New Sunderland Depot	-	1,333	1,333
Financing From Non-User Revenue Sources	158,239	162,006	(11,900)
User Revenues Financing (includes \$27 in 2023 frontage charges)	117,531	123,470	5,939
TOTAL FINANCING	275,770	285,476	9,706

- D) That the Nine-Year Capital Forecast for 2024 to 2032 inclusive, in the amount of \$2.26 billion, including project debenture financing of \$460.72 million, as detailed in the Sanitary Sewerage System Capital Budget, be received for information;
- E) That capital project approval be granted for expenditures and financing for the 2023 capital projects detailed in the 2023 Capital Project Appendices within the 2023 Consolidated Water Supply and Sanitary Sewerage Systems Business Plans and Budget, where contract awards are compliant with the Region's Budget Management Policy; and
- F) That the necessary By-laws with respect to the 2023 Business Plans and Budget for the Consolidated Water Supply and Sanitary Sewerage Systems be presented to Regional Council.

6. Recommended 2023 Water and Sanitary Sewer User Rates ([2022-F-23](#))

- A) That the 2023 Regional Water and Sanitary Sewer User Rates increase by 4.3 per cent for an average residential customer effective January 1, 2023, with the Regional water rates increasing by 3.6 per cent and the Regional sanitary sewer rates increasing by 5.0 per cent from the 2022 user rate levels as set out in Attachment #1 and Attachment #2 of this report respectively;
- B) That the 2023 Raw Water rates for the Whitby raw water customer be increased by 3.6 per cent as set out in Attachment #1 of this report, effective January 1, 2023;
- C) That the 2023 water charges for the Sun Valley Heights Homeowners Co-operative Water System be as set out in Attachment #3 of this report, effective January 1, 2023;
- D) That the 2023 Regional Water and Sanitary Sewer Systems Miscellaneous Fees and Charges be as set out in Attachment #4 of this report, effective January 1, 2023;
- E) That the 2023 fee schedule for laboratory services at the Regional Environmental Laboratory located at the Duffin Creek Water Pollution Control Plant be as set out in Attachment #5 of this report, effective January 1, 2023; and
- F) That the Regional Solicitor be instructed to prepare the necessary by-laws to implement the foregoing recommendations.

Respectfully submitted,

K. Ashe, Chair, Finance & Administration Committee