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The Regional Municipality of Durham

MINUTES

FINANCE & ADMINISTRATION COMMITTEE

Tuesday, December 13, 2022

A regular meeting of the Finance & Administration Committee was held on Tuesday, December 13, 2022 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 9:30 AM. Electronic participation was offered for this meeting.

1. Roll Call

Present: Councillor Ashe, Chair
Councillor Leahy, Vice-Chair
Councillor Garrod
Councillor Lee
Councillor McDougall
Councillor Schummer
Councillor Woo
Regional Chair Henry

Also

Present: Councillor Barton*
Councillor Crawford
Councillor Dies*
Councillor Foster*
Councillor Jubb*
Councillor Marimpietri
Councillor Mulcahy*
Councillor Neal
Councillor Roy*
*** denotes Councillors participating electronically**

Absent: None

Staff

Present: E. Baxter-Trahair, Chief Administrative Officer
B. Goodwin, Commissioner of Corporate Services
N. Taylor, Commissioner of Finance
B. Bridgeman, Commissioner of Planning & Economic Development
J. Demanuele, Director, Business Services
A. Harras, Regional Clerk/Director of Legislative Services
A. Hector-Alexander, Director, Diversity, Equity, and Inclusion
W. Holmes, General Manager, DRT
M. Hubble, Manager, Environmental Services Design

J. Hunt, Regional Solicitor/Director of Legal Services, Corporate Services – Legal
N. Prasad, Assistant Secretary to Council, Corporate Services – Legislative Services
J. Presta, Commissioner of Works
N. Pincombe, Director, Business Planning & Budgets
R. Inacio, Systems Support Specialist, Corporate Services - IT
L. Fleury, Legislative Officer and Deputy Clerk Pro Tem, Corporate Services – Legislative Services

2. Election of Finance & Administration Committee Vice-Chair

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

Moved by Councillor Garrod, Seconded by Councillor Lee,
(72) That Councillor Leahy be nominated for the position of Vice-Chair of the Finance & Administration Committee.

Moved by Regional Chair Henry, Seconded by Councillor Leahy,
(73) That nominations be closed.

CARRIED

The Chair asked if Councillor Leahy wished to stand. Councillor Leahy indicated he would stand.

Chair Ashe declared Councillor Leahy the Vice-Chair of the Finance & Administration Committee.

3. Declarations of Interest

There were no declarations of interest.

4. Adoption of Minutes

Moved by Councillor Leahy, Seconded by Councillor Lee,
(74) That the minutes of the regular Finance & Administration Committee meeting held on Tuesday, June 14, 2022, be adopted.

CARRIED

5. Statutory Public Meetings

There were no statutory public meetings.

6. Delegations

There were no delegations.

7. Presentations

7.1 Alexander Harras, Director of Legislative Services and Regional Clerk, re: Procedural By-law Updates

B. Goodwin, Commissioner of Corporate Services provided opening remarks. Alexander Harras, Director of Legislative Services and Regional Clerk provided a presentation with respect to the Procedural By-law Updates. Highlights of the presentation included:

- Objectives
- Proposed Revisions
- Structural Changes
- Public Participation
- Council Member Participation
- Alternate Members

A. Harras responded to questions with respect to delegates appearing at both Committee and Council meetings, extending the time for delegations, when motions to reconsider a previous decision are required, the parameters for alternate members of Council, the rules for virtual participation, and the best way to request further revisions to the procedural by-law.

7.2 Nancy Taylor, Commissioner of Finance & Treasurer, John Presta, Commissioner of Works, and Nicole Pincombe, Director - Business Planning & Budgets, re: 2023 Consolidated Water Supply and Sanitary Sewerage Systems User Rates and Business Plans and Budget

Nancy Taylor, Commissioner of Finance & Treasurer, John Presta, Commissioner of Works, and Nicole Pincombe, Director - Business Planning & Budgets provided a presentation with respect to the 2023 Consolidated Water Supply and Sanitary Sewerage Systems User Rates and Business Plans and Budget. Highlights of the presentation included:

- 2023 User Rates
- Details of the 2023 Business Plans and Budget
- Overview of the Capital Program
- Details of the 2023 Capital Budget
- Summary

Staff responded to questions with respect to the frequency of unexpected capital expenditures, fluctuations in the use of user rates for annual operating costs, impacts on borrowing limits, water consumption levels, whether there is a formula for determining how capital projects are funded, and the use of reserve funds to lower user rates.

7.3 Allison Hector-Alexander, Director of Diversity, Equity & Inclusion, re: Durham Region Employee Census

Allison Hector-Alexander, Director of Diversity, Equity & Inclusion provided a presentation with respect to the Durham Region Employee Census. Highlights of the presentation included:

- Workforce Census
- Departmental Response Rate
- Sense of Inclusion
- Indigeneity & Racial Identity
- Immigration Status
- Age
- Years of Service
- Disability
- Gender Identity
- Sexual Orientation
- Religion / Faith
- Next Steps

A. Hector-Alexander responded to questions with respect to whether the Durham Region Employee Census survey data identifies which respondents are members of the senior leadership team; when the action plan will be implemented; the level of engagement with Corporate Services – Human Resources; plans to encourage students to enter municipal careers; whether Councillors were included in the Census; whether ageism causes division amongst staff; why some staff chose not to answer the survey; and the use of gendered pronouns.

Moved by Councillor Leahy, Seconded by Councillor Lee,
(75) That Committee recess for ten minutes.

CARRIED

The Committee recessed at 11:55 AM and reconvened at 12:06 PM

8. Administration

8.1 Correspondence

There were no communications to consider.

8.2 Reports

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

Report #2022-A-23 from Barb Goodwin, Commissioner of Corporate Services, was received. Staff responded to questions with respect to the number of resolutions that were reconsidered last year, and what the suggested amendments would change procedurally. Discussion ensued with respect to delegates appearing at both Committee and Council.

Moved by Councillor Leahy, Seconded by Councillor Lee,
(76) That we recommend to Council:

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.

CARRIED AS AMENDED LATER
IN THE MEETING
(See Following Motions)

Moved by Councillor Leahy, Seconded by Councillor Schummer,
(77) That the foregoing main motion (76) of Councillors Leahy and Lee be amended as follows:

- A) Motions to reconsider are not required after 12 months.
- B) Delegation extensions be permitted by a simple majority vote for 2 minutes.
- C) Members of the public who wish to address council be permitted to delegate at Council if they delegate at a Standing Committee first.

PART A) was CARRIED
PARTS B) and C) were DEFEATED
(See Following Motion)

Moved by Councillor Leahy, Seconded by Councillor Lee,
(78) That the foregoing amending motion (77) of Councillors Leahy and Schummer be divided in order to vote on each part separately.

CARRIED

Part A) of the amending motion (77) of Councillors Leahy and Schummer was then put to a vote and CARRIED.

Part B) of the amending motion (77) of Councillors Leahy and Schummer was then put to a vote and DEFEATED.

Part C) of the amending motion (77) of Councillors Leahy and Schummer was then put to a vote and DEFEATED.

The main motion (76) of Councillors Leahy and Lee was then put to a vote and CARRIED AS AMENDED.

B) 2022 Durham Region Employee Census (2022-A-24)

Report #2022-A-24 from Elaine Baxter-Trahair, Chief Administrative Officer, was received.

Moved by Councillor Lee, Seconded by Councillor McDougall,
(79) That Report #2022-A-24 be received for information.

CARRIED

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

Report #2022-A-25 from Barb Goodwin, Commissioner of Corporate Services, was received. Staff responded to a question with respect to how members for the Board of Directors were selected.

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

- 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.

CARRIED

9. Finance

9.1 Correspondence

- A) Memorandum from the Works Committee, re: Works Department - 2023 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets (2022-W-42)
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Moved by Councillor Woo, Seconded by Councillor Lee,
(81) That the Memorandum from the Works Committee, re: Works Department – 2023 Water Supply and Sanitary Sewerage Systems Business Plans and Budgets (2022-W-42) be referred to consideration of Report #2022-F-22.

CARRIED

9.2 Reports

- A) Temporary Borrowing By-law for 2023 (2022-F-20)
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Report #2022-F-20 from Nancy Taylor, Commissioner of Finance, was received.

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

- 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).

CARRIED

B) 2023 Interim Regional Property Tax Levy (2022-F-21)

Report #2022-F-21 from Nancy Taylor, Commissioner of Finance, was received.

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

- 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.

CARRIED

C) 2023 Business Plans and Budget and Nine-Year Capital Forecast for the Consolidated Water Supply and Sanitary Sewerage Systems (2022-F-22)

Report #2022-F-22 from Nancy Taylor, Commissioner of Finance, was received.

Moved by Councillor Lee, Seconded by Councillor McDougall,
(84) That we recommend to Council:

- 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:

<u>EXPENDITURES</u>	2022 Gross Budget (\$ 000's)	2023 Gross Budget (\$ 000's)	Variance Incr/(Decr) (\$ 000's)
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	73,880	77,149	3,269
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	128,228	145,510	17,282
TOTAL EXPENDITURES	202,108	222,659	20,551
FINANCING			
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)
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	83,815	99,739	15,924
User Revenues Financing (includes \$102 in 2023 frontage charges)	118,293	122,920	4,627
TOTAL FINANCING	202,108	222,659	20,551

- 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	2023	Variance
	Gross Budget	Gross Budget	Incr/(Decr)
	(\$ 000's)	(\$ 000's)	(\$ 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	<u>115,177</u>	<u>125,879</u>	<u>10,702</u>
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	<u>160,593</u>	<u>159,597</u>	<u>(996)</u>
TOTAL EXPENDITURES	<u>275,770</u>	<u>285,476</u>	<u>9,706</u>
<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	<u>158,239</u>	<u>162,006</u>	<u>(11,900)</u>
User Revenues Financing (includes \$27 in 2023 frontage charges)	<u>117,531</u>	<u>123,470</u>	<u>5,939</u>
TOTAL FINANCING	<u>275,770</u>	<u>285,476</u>	<u>9,706</u>

- 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.

CARRIED

D) Recommended 2023 Water and Sanitary Sewer User Rates (2022-F-23)

Report #2022-F-23 from Nancy Taylor, Commissioner of Finance, was received. Staff responded to questions with respect to considering a policy for base level increases to user rates so the increases are consistent each year; what percentage of the Region's capital assets are comprised of the water and sewer systems; and what the dollar value is for the water and sewer capital assets.

Moved by Councillor McDougall, Seconded by Councillor Lee,
(85) That we recommend to Council:

- 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.

CARRIED

10. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

11. Confidential Matters

There were no confidential matters to be considered.

12. Other Business

There was no other business to be considered.

13. Date of Next Meeting

The next regularly scheduled Finance & Administration Committee meeting will be held on Tuesday, January 17, 2022 at 9:30 AM in Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

14. Adjournment

Moved by Councillor Leahy, Seconded by Councillor Lee,
(86) That the meeting be adjourned.

CARRIED

The meeting adjourned at 12:34 PM

Respectfully submitted,

K. Ashe, Chair

L. Fleury, Legislative Officer