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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Finance and CAO
Report: #2024-COW-42
Date: October 9, 2024

Subject:

Transfer Payment Agreement with the Province of Ontario to Support Helicopter Procurement for Joint Air Support Unit and Funding Mechanisms

Recommendations:

That the Committee of the Whole recommends to Regional Council:

- A) the Commissioner of Finance be authorized to execute a Transfer Payment Agreement (TPA) and any ancillary documents or agreements, in a form acceptable to the Regional Solicitor, with the Ministry of the Solicitor General for funding estimated at \$8 million to \$10.5 million to facilitate the acquisition of a police helicopter to form part of the Joint Air Support Unit;
 - B) if the TPA also includes funding for the operations and maintenance of the helicopter, the Commissioner of Finance be authorized to execute the TPA and any agreements required to facilitate the transfer of the operations and maintenance funding to the Durham Regional Police Service;
 - C) the Commissioner of Finance be authorized to make interim financing arrangements for the acquisition of the police helicopter at the discretion of the Commissioner of Finance, if necessary due to the timing of the receipt of the Provincial grant funding.
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Report:

1. Purpose

1.1 This report seeks approval to finalize and execute a Transfer Payment Agreement (TPA) with the Ministry of the Solicitor General for the purchase and funding of one of three helicopters for the Joint Air Support Unit (JASU). Currently the Province is recommending the three applicable Police Services execute the TPA. The preference is for this to be done by the Region. This report gives authority to do so pending the final decision from the Province.

- 1.2 This report also seeks approval to advance the financing for these costs should the purchase agreement need to be executed and payment made prior to the grant funding being provided. Regional financing is recommended to be provided at the discretion of the Commissioner of Finance.

2. Background

- 2.1 The Ministry of the Solicitor General is establishing a Joint Air Support Unit (JASU). As part of this new unit, the province is providing funding for three helicopters to be procured, owned and operated by Durham, Halton and Peel Regional Police Services.
- 2.2 The Durham Region Police Services (DRPS) Board has received a letter of commitment from the Ontario Solicitor General indicating that the province is providing up to \$10,480,300 to Durham Region/DRPS over three years to fund the acquisition of a helicopter. Further details on provincial funding for 5 years of operations and maintenance are expected in the near future.
- 2.3 Anticipated delivery dates of the helicopters are July 2025 (Peel), November 2025 (Durham) and March 2026 (Halton).

3. Current Status

- 3.1 The Regional Municipalities of Durham, Peel and Halton (the “Regions”), issued a Negotiated Request for Proposal (2024-425P - Supply And Delivery of Police Helicopters for Peel, Halton and Durham) on August 19, 2024 to seek proposals for three helicopters, one to be purchased for each of the Regions, for use by their respective Police Services as part of the JASU.
- 3.2 The Regional Municipality of Peel was the host agency, with each Region contributing up to \$100,000 to fund the cost of external legal services required to facilitate the NRFP. The NRFP followed the Region of Peel’s purchasing by-law and procedures and was conducted as an open and transparent public process.
- 3.3 The NRFP closed on September 20, 2024 and the Regions are now in the evaluation and award phases.
- 3.4 The DRPS and the Region, along with the other participating Regional Police Services and Regional Municipalities of Peel and Halton, have submitted the required funding forms and are working with the Ministry to finalize the details of the TPA, which will be aligned with the letter of commitment.

4. Financial Implications

- 4.1 The Region of Durham will be purchasing one helicopter at an estimated cost of \$8,000,000 to \$10,500,000. An agreement will be executed with the highest scoring proponent of the NRFP 2024-425P.
- 4.2 The following payment schedule was proposed in the NRFP:

30% of the total contract value on execution of the Contract (estimated November, 2024);

20% of the total contract value on the date that is three months following execution of the Contract (estimated February, 2025); and

50% of the total contract value on final acceptance of the Helicopter by the Region (estimated November, 2025)

- 4.3 While the Letter of Commitment indicated that the funding would cover the cost of acquiring the helicopter, the details of when the funding will be distributed are currently unknown. The Region may be required to make financing arrangements, depending on the timing of the receipt of the funding.
- 4.4 Capital costs and operational expenses may form part of the same TPA, with the budget set annually, beginning with 2024-2025, ending with 2029-2030.
- 4.5 Total funding for each year must be spent within that fiscal year (for example, funding for 2024-2025, activities must take place between April 1, 2024 and March 31, 2025) and cannot be carried over.

5. Conclusion

- 5.1 It is recommended that authorization be granted to the Commissioner of Finance to execute all necessary documents associated with the TPA.
- 5.2 It is also recommended that the Commissioner of Finance be authorized to arrange for any necessary financing and contract agreements to front the cost of the helicopter prior to the grant funding being received, subject to the review and concurrence of the Regional Solicitor.

Respectfully submitted,

Original Signed By _____

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By _____

Elaine C. Baxter-Trahair
Chief Administrative Officer