



The Regional Municipality of Durham

COUNCIL INFORMATION PACKAGE

June 1, 2018

Information Reports

- [2018-INFO-90](#) Acting Commissioner of Finance – re: The Canadian Award for Financial Reporting from the Government Finance Officers Association (GFOA) of the United States and Canada
- [2018-INFO-91](#) Chief Administrative Officer – re: Update on Work to Support Development of the Pickering Airport Lands
- [2018-INFO-92](#) Acting Commissioner of Finance – re: The Consolidated Budget Status Report to April 30, 2018 and Full Year Forecast
- [2018-INFO-93](#) Commissioner of Planning and Economic Development – re: Summary of Commissioner’s Delegated Planning Approval Authority, and Summary of Planning Activity in First Quarter of 2018
- [2018-INFO-94](#) Commissioner of Planning and Economic Development – re: Local Planning Appeal Tribunal Regulations related to Bill 139, the Building Better Communities and Conserving Watersheds Act, 2017
- [2018-INFO-95](#) Commissioner of Corporate Services – re: Update on Bill 148, Fair Workplaces, Better Jobs Act, 2017 – Impact of Provincial Legislation

Early Release Reports

There are no Early Release Reports

Staff Correspondence

There is no Staff Correspondence

Durham Municipalities Correspondence

1. [Town of Ajax](#) – re: Resolution passed at their Council meeting held on May 22, 2018, regarding Automated Speed Enforcement
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1. [Regional Municipality of York](#) – re: Resolution passes at their Council meeting held on May 17, 2018, regarding Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update
2. [City of Quinte West](#) – re: Resolution passed at their Council meeting held on May 22, 2018, regarding Cannabis Grace Period Request

Miscellaneous Correspondence

There are no Miscellaneous Correspondence

Advisory Committee Minutes

1. Durham Trail Coordinating Committee (DTCC) minutes – [May 3, 2018](#)
2. Accessibility Advisory Committee (AAC) minutes – [May 22, 2018](#)

Members of Council – Please advise the Regional Clerk at clerks@durham.ca by 9:00 AM on the Monday one week prior to the next regular Committee of the Whole meeting, if you wish to add an item from this CIP to the Committee of the Whole agenda.



The Regional Municipality of Durham Information Report

From: Acting Commissioner of Finance
Report: #2018-INFO-90
Date: June 1, 2018

Subject:

The Canadian Award for Financial Reporting from the Government Finance Officers Association (GFOA) of the United States and Canada

Recommendation:

Receive for information

Report:

1. Purpose

1.1 The Region of Durham has been awarded the Canadian Award for Financial Reporting (CANFR) from the Government Finance Officers Association (GFOA) of the United States and Canada for the Region's annual financial report for the fiscal year ended December 31, 2016.

2. Background

2.1 The GFOA is a non-profit professional association serving over 18,000 government finance professionals in the United States and Canada.

2.2 Submitted annual financial reports are reviewed both by GFOA professional staff and a review committee whose members have demonstrated expertise in the areas of financial reporting, including academics, auditors and other finance professionals. The CANFR from GFOA recognizes excellence in annual report quality, public disclosure and transparency.

2.3 This is the fourteenth concurrent Canadian Award for Financial Reporting for the Region of Durham's Finance Department. The Finance Department has also been the recipient of six consecutive GFOA Distinguished Budget Presentation Awards for its exemplary business planning and budget process and documentation.

3. Comments

- 3.1 According to the GFOA, this award “recognizes excellence in governmental accounting and financial reporting and represents a significant accomplishment by municipal government and its management.” The GFOA acknowledges the Region’s receipt of the Canadian Award for Financial Reporting and indicates the following:

“Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Regional Municipality of Durham, Ontario for its annual financial report for the fiscal year ended December 31, 2016. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government’s financial picture enhance an understanding of financial reporting by municipal governments, and address user needs.”

- 3.2 The Region’s 2016 Annual Report was judged by the GFOA panel to ensure that it met stringent reporting requirements across ten grading categories, including: reporting in conformance with generally accepted accounting principles and provincial requirements; demonstration of compliance with finance-related legal and contractual provisions; completeness; clarity; use of standardized terminology and formatting conventions; disclosure thoroughness and detail sufficiency; minimization of ambiguities and potentially misleading inferences; cohesiveness and internal consistency; responsiveness to prior year comments and suggestions for improvement; and reader appeal.
- 3.3 Only 73 Canadian municipalities have received the 2016 CAnFR from the GFOA, including 17 municipalities located in Ontario.

4. Conclusion

- 4.1 The GFOA Distinguished Budget Presentation Award and Canadian Award for Financial Reporting, along with the Region’s Triple A rating by Moody’s Investors Service and S&P Global, is reassurance to Council, residents and businesses, that Regional Finance staff continue to provide professional best-in-class information to the Region’s stakeholders, including investors and the public.

Respectfully submitted,

Original Signed by M.E. Simpson

M.E. Simpson, CPA, CMA, MA
Acting Commissioner of Finance



The Regional Municipality of Durham Information Report

From: Chief Administrative Officer
Report: #2018-INFO-91
Date: June 1, 2018

Subject:

Update on work to support development of the Pickering airport lands

Recommendation:

Receive for information

Report:

1. Purpose

1.1 The purpose of this report is to provide an update on work to support development of the Pickering airport lands. A key deliverable in the 2018 Business Plans and Property Tax Budgets is to provide strategic analysis regarding the development of the Pickering airport lands through research and stakeholder consultation. This work is aligned with Durham Region's Strategic Plan Goal A – economic growth, diversification and local employment.

2. Current Status

2.1 In February 2017, Council passed a resolution recognizing the importance of airport infrastructure in supporting regional economic development. Staff were directed to allocate \$100,000 in funding for airport-related initiatives. The 2018 budget included \$45,000 to continue this work.

2.2 An interdepartmental Regional staff working group was established to develop strategies to advocate for the development of the Pickering Airport Lands, including research, partnerships, education, outreach and communications.

2.3 A contemporary vision for the Pickering airport lands includes a focus on innovation, investment and employment within a model of sustainable airport operations.

2.4 Economic, environmental and social sustainability may be achieved through a number of integrated measures and outcomes. These include: improved

transportation linkages and reduced congestion in the Greater Toronto Area; the reduction of greenhouse gas emissions; a focus on biodiversity protection through the site's connection to the Rouge National Urban Park; and on-site initiatives including a centre for agricultural innovation, treatment wetlands, raptor control of birds and rodents, stormwater management, natural vegetation, linked hiking trails, energy and water conservation, electric vehicle facilities and integrated rideshare programs, permeable pavement, and similar features.

- 2.5 The potential impact of such a facility is far greater than a typical airport, driving and attracting technological innovation, reducing environmental impacts, designing integrated transportation connections and developing unique community partnerships.
- 2.6 The 2017 funding allocated by Council was used to undertake the following projects:
 - a. The development of a white paper to highlight the possibilities and opportunities associated with a Pickering airport;
 - b. An Oshawa Executive Airport event, presentation and supporting material related to corporate aviation; and
 - c. A public awareness campaign and a "careers in aviation" day at Oshawa Executive Airport.
- 2.7 The Oshawa Executive Airport is a key component of the Region's transportation infrastructure and has a significant positive impact on the regional economy. Regional staff have worked closely with Oshawa Executive Airport management on elements of the airport's marketing strategy.
- 2.8 As the result of a Regional request for proposals process, Urban Strategies was awarded the contract to prepare the white paper. A copy of the report, Capacity Where It Counts: The GTA East Airport at Pickering Urban Strategies (January 2018), is included as Attachment #1.
- 2.9 To further explore the themes covered in the white paper, Durham Regional Chair and CEO Roger Anderson commissioned AECOM to complete an economic analysis. A copy of the report, Pickering Airport Study: Why Invest in Pickering? AECOM (April 2018) is included as Attachment #2.
- 2.10 The Region will use both of these reports to effectively engage the aviation sector, related industries, and government decision makers at all levels.
- 2.11 In addition, these findings may be used to inform the KPMG Aviation Sector Analysis work currently underway through Transport Canada. The purpose of the Aviation Sector Analysis is to:
 - a. Update supply and demand forecasts for aviation traffic in Southern Ontario (commercial, cargo, general aviation);
 - b. Develop and evaluate options for the type of airport and its potential role in

- the southern Ontario regional airport system; and
- c. Provide an assessment of the revenue-generating potential and economic impact of these options.

The KPMG study will update the 2010 Pickering Lands Needs Assessment Study and is now expected to be complete sometime in 2019.

- 2.12 On April 30, the Region hosted a stakeholder information session to present the findings of the white paper and the economic analysis, discuss economic development opportunities for the federal airport lands, and gather feedback. A facilitated discussion focussed on four key themes, including:
 - a. Future of the airport;
 - b. Economy, jobs, and employment lands in the GTA east;
 - c. mobility; and
 - d. Environment and community (e.g., transit, sustainable energy, noise abatement, stormwater management, space for community uses, green space, agriculture, innovation hub).
 - 2.13 Approximately sixty-five participants attended the session, including local aerospace and aviation industry representatives, boards of trade and chambers of commerce, Transport Canada, Metrolinx, the Greater Toronto Airports Authority (GTAA), the City of Pickering, the City of Markham, UOIT, representatives of the land development industry, consultants, academics, York Region and Regional employees. Representatives from the regional economic development organization, Toronto Global, the provincial government and the local agriculture sector were also invited.
 - 2.14 Copies of the presentation materials are included as Attachments #3 and #4.
- 3. White Paper – Capacity Where It Counts: The GTA East Airport at Pickering**
- 3.1 The intent of the Urban Strategies white paper was to examine the complementary role that an airport in Pickering could play within the Southern Ontario airport system. The following issues and considerations were included:
 - a. The role that an airport in Pickering may play in proactively meeting the forecast aviation demands within southern Ontario;
 - b. Forecast population and economic growth;
 - c. Access to employment and residential lands;
 - d. An airport's role in unlocking the employment lands and balancing growth in the eastern portion of the region in a timely manner; and
 - e. Ground transportation limitations and forecasts, including public transit.
 - 3.2 Key conclusions include:
 - a. The Greater Toronto Area (GTA) is among the fastest growing metropolitan regions in North America, yet its airport network is underdeveloped.

- b. The GTA will need significant new air capacity to meet growing air travel demand, even after the enhancements planned for Pearson are completed.
- c. Investments in new air capacity must also address existing geographic gaps and disparities in air travel service. Currently, all existing airports with the potential to accommodate the projected air travel demand are more than a one hour drive from downtown Toronto and the eastern GTA.
- d. The Pickering Lands provide the best opportunity to meet the growing demand for air travel and goods movement in the GTA, with five major advantages:
 - Optimal location in the region, within reach of the core GTA catchment area and to the east of Pearson;
 - Excellent accessibility with direct access from a 400-series highway, a future dedicated transit corridor, and potential for rail transit and/or rail freight service;
 - Space for versatile 3,000 metre runways to accommodate the full range of aircraft types;
 - Sufficient land base to accommodate an aerospace employment cluster and other complementary land uses. The Pickering Lands are also located directly adjacent to the Pickering Innovation Corridor along the 407; and
 - A site large enough to set a new standard for incorporating leading-edge sustainability and community-oriented design.
- e. The report outlines three next steps necessary to respond to the region's imminent lack of airport capacity:
 - A federal commitment to proceed with an airport in Pickering, based on all of the past and ongoing studies that confirm the need for the airport;
 - Prepare an initial development concept and sustainable management plan for stakeholder review; and
 - Issue a request for expressions of interest (REI) for the construction, operation and management of the airport to determine the level of interest and define the scope of the development.

4. Economic Analysis – Pickering Airport Study: Why Invest in Pickering?

- 4.1 The AECOM economic analysis was designed to investigate the opportunity costs of maintaining the status quo and not proceeding with economic development on the federal airport lands. Key conclusions include:
 - a. To address looming airport capacity constraints and critical competitiveness issues for Southern Ontario, the federal government must decide between: maintaining the status quo in terms of planned airport capacity and governance; or supporting the development of a multi-airport system. The latter accommodates additional demand, improves global air connectivity, and supports associated economic development opportunities for the Greater Golden Horseshoe.

- b. A sustainable and innovative airport in Pickering would provide the required airport capacity within close proximity to downtown Toronto, and enable Southern Ontario to diversify its air service offerings and generate new demand for air travel. Together, these factors translate into significant economic gains, valued at more than \$2.6 billion per year within five years of operations.
- c. If no major investment is made to increase airport capacity, Southern Ontario risks losing global air connectivity as airlines relocate some of their traffic to other less congested hubs. As demand for air travel exceeds capacity, travellers will face crowded facilities, delays and have more difficulty finding seats.
- d. Under the status quo, Southern Ontario travellers could face economic losses as early as 2037. By 2042, annual losses reach \$2.6 billion.
- e. Existing airports are unlikely to fully accommodate the excess demand for air travel for a variety of reasons. For example, Billy Bishop has limited potential for expansion, while Hamilton and Waterloo are located too far from downtown Toronto and the GTA east.
- f. The study confirms the findings of previous reports that the Pickering Lands are an ideal location for firms and organizations relying on effective and efficient transportation modes such as airports. Innovative sectors that could benefit from locating near the airport include the aerospace industry, agri-business, and logistics and freight forwarding.
- g. Typical greenfield airport developments require 10 to 15 year lead times. If approval were to be given at the time this report was prepared, the airport would be operational between 2028 and 2032. Any further delays in making a commitment to develop an airport in Pickering could have a detrimental impact on the economy of Southern Ontario.
- h. Detailed calculations on economic impacts would require clarity on the timing, size, characteristics and niche role of the airport.

5. Other Related Work Currently Underway

- 5.1 In April 2018, Land Over Landings, a local group advocating for the return of the federal airport lands to exclusive agricultural production, released their agricultural impact study entitled *A Future for the Lands: Economic Impact of Remaining Pickering Federal Lands if Returned to Permanent Agriculture* (available online at [Land Over Landings website](#)).

Econometrics Research Ltd. and JRG Consulting Group were commissioned to undertake the study. The report studied six scenarios to return all workable farmland on the Pickering Lands (of the 9,600 acre total) to permanent agricultural use. The preferred option calls for 30-year renewable agricultural leases with no termination clauses, more diversified crops, agri-tourism, and the development of a Research and Innovation Centre and a Farming Incubation Centre. The study did not consider any scenario where a portion of the land was dedicated to farming and a portion developed as an airport.

-
- 5.2 A number of related initiatives and discussions are underway regarding regional transportation infrastructure, airports as economic drivers, and the role of airports across southern Ontario in supporting growth.
- 5.3 The City of Pickering has retained Proof Inc. (formerly Environics Communications) to develop a community engagement strategy for economic impact and employment along the 407 corridor, including an airport. This work follows Pickering Council's October 2017 motion to support of the development of an airport in Pickering, subject to the results of the federal Aviation Sector Analysis.

6. Background

- 6.1 In 1972, the federal government acquired the Pickering lands for the purpose of developing a new airport.
- 6.2 Since 1976, Durham's Regional Official Plan has recognized and protected the lands. The province, the Region and private landowners have invested approximately \$79M in infrastructure costs by for the oversizing of municipal services to support an airport.
- 6.3 Between 2011 and 2015, the federal government transferred 10,200 acres to the Rouge National Urban Park (RNUP), retaining 9,600 acres in total for an airport and related uses. This process was finalized in May 2017.
- 6.4 The population of the Greater Toronto Area (including the Regions of Durham, York, Peel and Halton, and the City of Toronto) is about 6.4 million today and expected to rise to 8.4 million by 2041, representing a 46% increase (Statistics Canada, 2016 Census).
- 6.5 Pearson International Airport is expected to serve 85 million passengers by 2037, up from 47 million today (Greater Toronto Airports Authority, 2017). By the early 2040s, air travel demand in the Greater Golden Horseshoe is expected to exceed 100 million passengers annually, resulting in a capacity shortfall.

7. Conclusion and Next Steps

- 7.1 The GTA is among the fastest growing large metropolitan regions in North America, yet its airport network is underdeveloped. The federal government should commit to proceeding with an airport in Pickering, based on all of the past and ongoing studies that have identified the need for an airport. A sustainable and innovative airport development in Pickering would provide the required additional capacity within close proximity to downtown Toronto and dramatically improve global connectivity of the GTA east.
- 7.2 Work to support development of the Pickering airport lands directly supports a number of strategies in the Strategic Plan for Durham Region: 2015-2019, including:

A.1 – Propel the business and investment climate forward in Durham Region to enable more local employment.

A.2 – Diligently attract, retain and mentor the next generation of employees to build a skilled, engaged and diverse workforce.

A.3 – Promote and actively capitalize on opportunities to make Durham Region a premier destination that attracts and retains entrepreneurs, innovators, visitors and residents.

A.5 – Find new ways to work with our partners to revitalize and grow Durham Region's position as a renowned centre of technological excellence.

- 7.3 Regional staff will continue to strengthen partnerships, and conduct public education, outreach and targeted communications in support of the development of the Pickering airport lands.
- 7.4 As a key partner, the Region will remain engaged in the City of Pickering's ongoing work on public engagement and communications related to economic impact and employment in the 407 corridor.
- 7.5 The white paper and economic analysis summarized in this report will be provided to Transport Canada to further inform the evidence-based KPMG Aviation Sector Analysis currently underway and expected to be complete in 2019. The results of the Aviation Sector Analysis and previously conducted studies will guide federal decisions on the development of the Pickering lands.

8. Attachments

Attachment #1: Capacity Where It Counts: The GTA East Airport at Pickering, Urban Strategies, January 2018

Attachment #2: Pickering Airport Study: Why Invest in Pickering, AECOM, April 2018

Attachment #3: Capacity Where It Counts: The GTA East Airport at Pickering (slide presentation), Urban Strategies, April 2018

Attachment #4: Why Invest in Pickering? (slide presentation), AECOM, April 2018

Respectfully submitted,

Original Signed By

Angela Gibson
Director, Corporate Policy and
Strategic Initiatives

RECOMMENDED FOR PRESENTATION TO COMMITTEE

Original Signed By

Garry H. Cubitt, M.S.W.
Chief Administrative Officer

Attachment 1

CAPACITY WHERE IT COUNTS

The GTA East Airport at Pickering



JANUARY 2018

**URBAN
STRATEGIES
INC .**

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1

EXECUTIVE SUMMARY

The Greater Toronto Area (GTA) is **among the fastest growing large metropolitan regions in North America**¹, with a population approaching 10 million by 2041. Yet its airport network is underdeveloped. Toronto's peer group of leading global urban centres — New York, Los Angeles, Chicago, Paris, Sydney and London for example — have main metropolitan international airports supported by a '360 degree' ring of other airports serving the air travel catchment area.

By contrast, in the GTA today Toronto Pearson Airport (Pearson) alone handles nearly all of the region's air passengers. **The GTA will need significant new air capacity to meet growing air travel demand, even after the enhancements planned for Pearson are completed.** Investments in new air capacity must also address existing geographic gaps in air travel service. Currently, all existing airports with the potential to significantly serve air travel growth in the GTA are some distance to the west of Toronto.

The Pickering Lands provide the best opportunity to meet the growing demand for air travel and goods movement in the GTA, demand that Toronto Pearson will soon be unable to accommodate. Airports are critical to regional, provincial and national economic health. A major new airport on the east side of the GTA would effectively address the coming airport capacity crisis by providing service where it is needed most in the region. The combination of available lands, transportation access and partnerships with post-secondary educational institutions would create a unique environment for expansion of the aviation and aerospace industry, one of Canada's key economic growth opportunities.

The Pickering Lands have five major advantages:

1. Optimal location in the region, within reach of the core GTA catchment area and to the east of Pearson;
2. Excellent accessibility, with direct access from a 400-series highway, a future dedicated transit corridor, and potential for rail transit and/or rail freight service;
3. Space for versatile 3,000 metre runways to accommodate a full range of aircraft types;
4. Extensive potential for an aerospace employment cluster; and
5. A site large enough to set a new standard for incorporating leading-edge sustainability and community-oriented design.

There is an urgent need to respond to the region's imminent lack of airport capacity. The case for a GTA East Airport on the Pickering Lands is strong. It is time for the federal government to move forward on development of the Pickering Lands with three critical steps:

1. Commit to proceeding with an airport in Pickering, based on all of the past and ongoing studies that have identified the need for the airport;
2. Prepare an initial development concept and sustainable management plan for stakeholder review; and
3. Issue a request for expressions of interest (REI) to the airport construction, operation and management industry to determine the level of interest and define the scope of the development.

¹ Ontario Ministry of Municipal Affairs, *Growth Plan for the Greater Golden Horseshoe, 2017. Schedule 3 Distribution of Population and Employment for the Greater Golden Horseshoe to 2041*, http://placestogrow.ca/index.3php?option=com_content&task=view&id=430&Itemid=14#schedule3.

2

INTRODUCTION

In 1972 the Government of Canada recognized that the Toronto metropolitan area would one day need an additional airport. To secure space for future airport use it assembled the Pickering Lands, creating a substantial site in northeast Pickering that would reach 19,800 acres in size. The federal government later transferred 10,200 acres to the Rouge National Urban Park, leaving 9,600 acres remaining for a potential airport and related uses.

Since 1972, studies have regularly and consistently concluded both that the GTA will need an airport at Pickering, and that without that airport the GTA east of Pearson will be underserved². The clearest description of the value of the Pickering Lands is found in the 2010 *Needs Assessment Study* prepared by the Greater Toronto Airports Authority (GTAA)³:

It is inconceivable that a large parcel of land comparable in size to the Pickering Lands could be amassed again in the future... The site offers a unique, one-time opportunity to meet the long-term aviation needs of the Greater Golden Horseshoe. The existence of a site such as the Pickering Lands for the future development of a reliever airport is the envy of many other major metropolitan areas. It is prudent planning to retain and protect the site, thereby preserving the option of building an airport, if and when required.

This statement is still true today, but the need for a new airport in the GTA is now even more urgent. Air travel demand is accelerating toward levels that Toronto Pearson will soon not be able to serve on its own, even after planned improvements. That moment is near. The GTAA's 2015 white paper (*Growth, Connectivity, Capacity: The Future of a Key Regional Asset*) established that **demand for air travel in Southern Ontario will exceed the capacity of the region's airports by the mid-2030s.**

Airport system capacity is now on the regional planning agenda. The eleven most significant existing airports in Southern Ontario have formed the Southern Ontario Airport Network (SOAN) to discuss how they can grow their airport operations to accommodate future airport demand in the broader region.

While the *if* and *when* questions about airport capacity are now being addressed, there has been less discussion about *where* it is most needed. As Pearson reaches its limits, the GTA will need new airport capacity where it will best serve its growing population and job centres. However, the existing airports in southern Ontario are all either west of Pearson, have expansion restrictions, or are beyond the GTA catchment, leaving the entire GTA east of Pearson underserved.

² Greater Toronto Airports Authority, *Needs Assessment Study, Pickering Lands. Final Report*. Submitted to Transport Canada, 2010; Leigh Fisher and Associates, *Economic Development Study: Regional Reliever Airport on the Pickering Lands*. Prepared for Greater Toronto Airports Authority, 2004; Greater Toronto Airports Authority, *Pickering Financial Assessment Analysis Report*, 2003; Greater Toronto Airports Authority, *Pickering Airport Draft Plan Report*, 2004; Transport Canada, *Southern Ontario Area Airports Study*, 1995.

³ Greater Toronto Airports Authority, 2010. *Needs Assessment Study, Pickering Lands. Final Report. Submitted to Transport Canada*. March 2010.

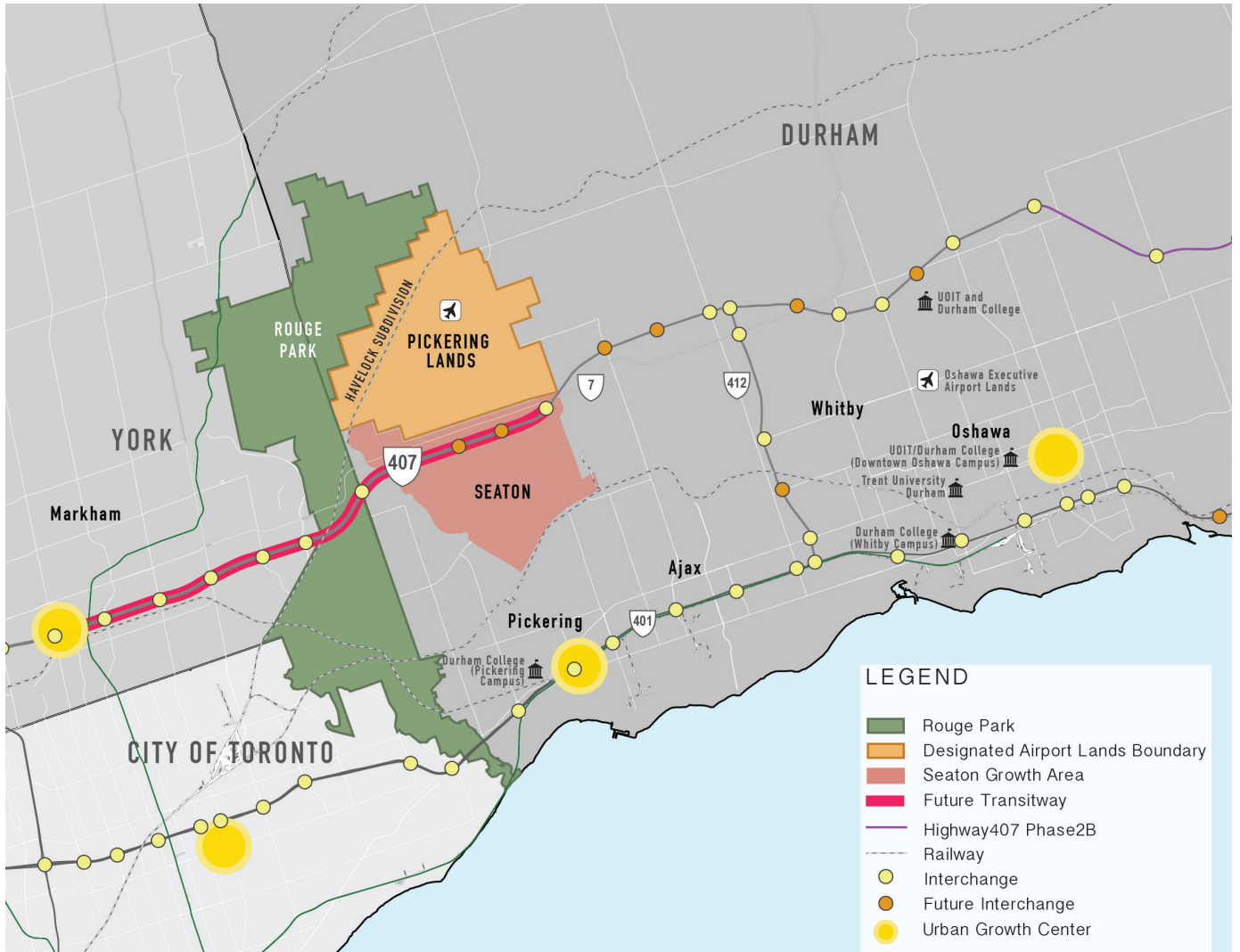


FIGURE 1. The Pickering Lands are located in Durham Region north of Highway 407, adjacent to the Seaton Growth Area and the Rouge National Urban Park.

New air capacity can and must be added in many places in the GTA, but the priority should be to add capacity in the right places. **The Pickering Lands are the best opportunity to most effectively serve the GTA as Pearson reaches capacity.**

They offer excellent accessibility, an unparalleled opportunity for associated employment land development, and a site that can effectively balance community interests and sustainability goals while accommodating new regional air capacity.

3

GROWING PAINS IN THE GTA: SURGING POPULATION, AIR TRAVEL DEMAND AND ROAD CONGESTION

The GTA is one of the fastest growing large metropolitan regions in North America, projected to grow from 6.4 million people to 9.4 million by 2041, a 46% increase⁴. Toronto will remain the epicentre of people and jobs in the region, but all areas of the GTA will see significant population growth, including the Regions of York and Durham with their substantial population and employment centres in the eastern GTA.



FIGURE 2. The Region of Durham is one of the fastest growing municipalities in Canada.

TABLE 1. Distribution of Population for the Greater Toronto Area to 2041 (figures in 000s)

Municipality	Population		
	2016	2031	2041
Region of Durham	646	970	1,190
Region of York	1,110	1,590	1,790
City of Toronto	2,732	3,190	3,400
Region of Peel	1,382	1,770	1,970
Region of Halton	548	820	1,000
TOTAL	6,418	8,340	9,350

SOURCE: 2016 populations: Statistics Canada. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001.Ottawa. Released October 25, 2017.

2031 and 2041 population projections: Growth Plan for the Greater Golden Horseshoe, 2017. May 2017. Schedule 3 Distribution of Population and Employment for the Greater Golden Horseshoe to 2041.

4 Ontario Ministry of Municipal Affairs, *Growth Plan for the Greater Golden Horseshoe, 2017. Schedule 3 Distribution of Population and Employment for the Greater Golden Horseshoe to 2041*, http://placestogrow.ca/index.php?option=com_content&task=view&id=430&Itemid=14#schedule3.

This population and employment growth is generating the surge in air travel demand. This is a worldwide trend, particularly for leading global cities like Toronto. Global passenger demand is growing by 3.7% annually, leading to 7.2 billion passengers by 2035, which will be nearly double the 3.8 billion passenger volume in 2016⁵. **Yet Pearson is now growing at a greater rate than many of the world's busiest international passenger airports, surpassing Los Angeles, Dubai, and Beijing, among others.**

TABLE 2. Passenger growth of Pearson and its peer airports

Airport	Passenger Growth Rate %, 2016
Pearson	8.04
Los Angeles	7.96
Dubai	7.23
Beijing Capital	4.95
John F. Kennedy	3.44
Hong Kong	2.97
Chicago O'Hare	1.79
Heathrow	0.97
Charles de Gaulle	0.25
Frankfurt	-0.4

SOURCE: The Port Authority of NY & NJ. "Airport Traffic Report", 2016, <https://www.panynj.gov/airports/pdf-traffic/ATR2016.pdf>.

Pearson's passenger growth rate reflects the GTA's growing population and appetite for air travel. Annual air passenger volume in Southern Ontario is expected to more than double in three decades, from 44.2 million in 2014 to 110 million in 2043.

Without significant new airport capacity Southern Ontario's air travel demand could outpace supply capacity by the mid-2030s, and exceed it by 20 million by the mid-2040s⁶.

To address this growing demand, Pearson is planning significant capacity growth and aims to evolve into a "mega-hub" airport with a focus on international connecting passengers. The airport plans to increase its annual passenger volume from 44.3 million in 2016 to 85 million by 2037 by maximizing airside capacity, improving passenger processing and terminal facilities, and developing a new regional transit centre⁷.


Even with these changes, **Pearson cannot address the GTA's projected air capacity shortfall alone.** The GTA will need new airport capacity to serve 110 million passengers by 2041 and accommodate the air services that no longer fit at Pearson as it focuses on long-haul and international travel.

Travellers will have to rely on other airports for shorter point-to-point or regional flights, as well as for charter flights, executive travel, and general aviation, and other area airports will likely have to play a larger role in air cargo and airport-related maintenance, repair and overhaul (MRO) services.

5 International Air Transport Association. "IATA Forecasts Passenger Demand to Double Over 20 Years", October 18, 2016, <http://www.iata.org/pressroom/pr/Pages/2016-10-18-02.aspx>.

6 Southern Ontario Airport Network, "Flying Together: The Southern Ontario Airport Network", May 2017, <https://www.soairportnetwork.com/news/2017/5/9/southern-ontario-airport-network-report-released>.

7 Toronto Pearson, "Growing Canada with a Mega Hub Airport", December 2016, https://torontopearson.com/uploadedFiles/Pearson/Content/About_Pearson/Economic_Impact/Regional_Growth/GTAA_GrowingCanadaWithAMegaHubAirport.pdf.



The GTA needs a solution to the looming capacity shortage, especially in the east GTA, before the airport system reaches capacity. Otherwise, businesses and travellers in the GTA, and the regional economy, will feel the impacts of the air travel capacity shortfall well before 2041.

As demand for peak airport slots increases at Pearson, landing fees will likely adjust to the point where they are only suitable for the most valuable international and domestic services. This will reduce the availability of prime travel times for other smaller-scale or shorter-haul services unless additional regional air capacity is provided. An important segment of GTA travellers — entrepreneurs or small businesses travelling for meetings or conferences, sports teams travelling to tournaments, or ‘snowbirds’ heading south to the US, for example — will rely on a shrinking number of off-peak flight options. Some will decide to travel by road or rail and face much longer travel times. Other travellers may decide to fly from US airports such as Buffalo, diverting potential economic benefits away from the GTA. These scenarios would inconvenience travellers and create a drag on the GTA economy from lost productive time and foregone business opportunities.

Road Traffic Will Affect Airport Accessibility

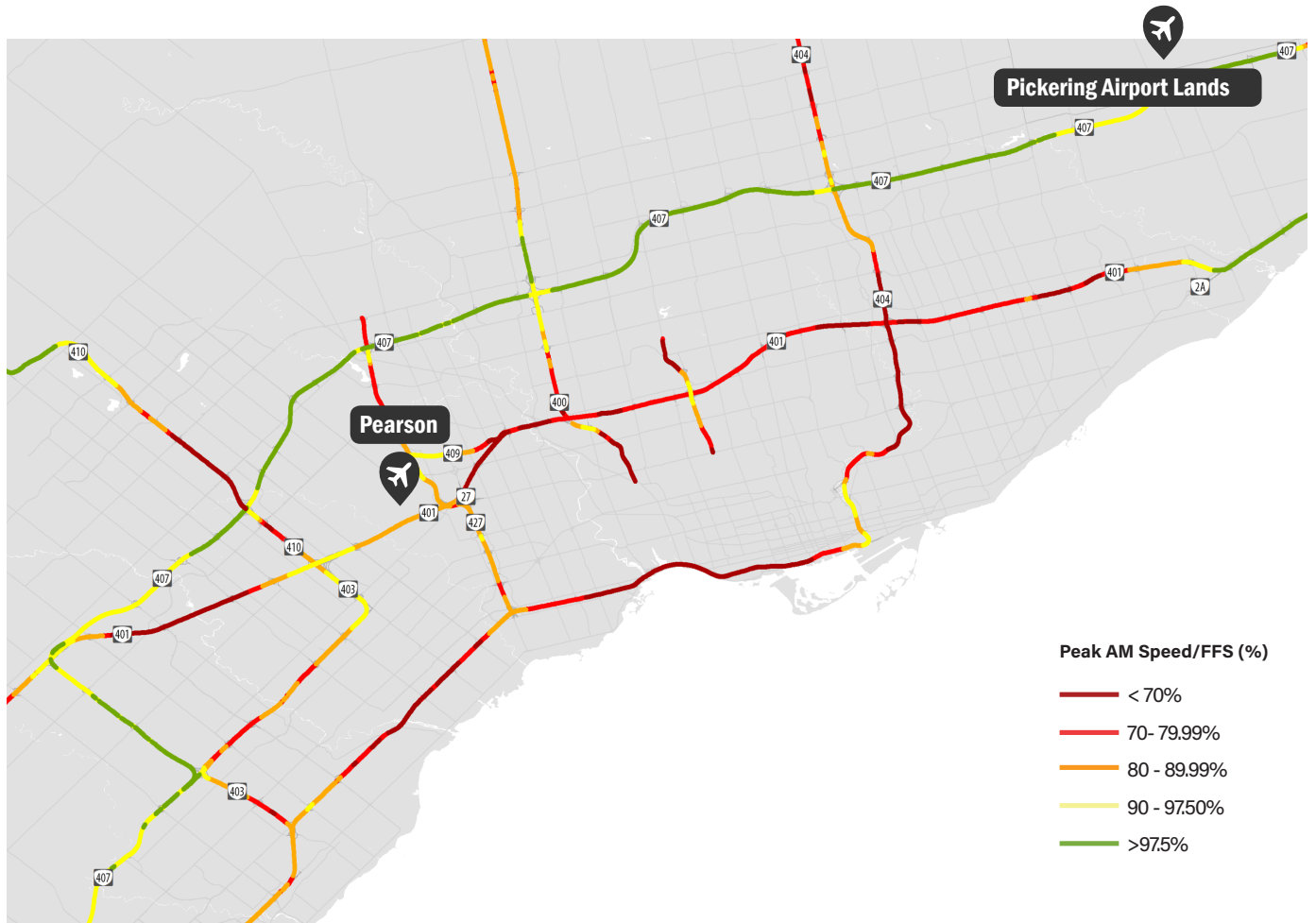
In a region with a booming population and air travel demand, the airport system can only function as well as the surface transportation system. **Travellers cannot catch flights if they are caught in traffic.**

As the GTA plans to add airport capacity to meet its growing population, it must also tackle its growing congestion problem, which threatens the accessibility and success of its airports. The GTAA expects that congestion on the region’s highways will significantly worsen in the coming decades, resulting in a 25-35% increase in driving times to Pearson by 2043⁸. The Union-Pearson Express service and the proposed Regional Transit Centre at Pearson will help ease, but not completely relieve, this congestion.

Planning an airport system that can serve the entire GTA market requires recognizing where there are barriers in the road network. Unfortunately, the **greatest congestion hotspot in Canada is the area around Pearson**. The Canadian Automobile Association (CAA) has identified all of the major highway routes to Pearson from the north and the east as consistently congested throughout a weekday (see Figure 3). Highway 401 between Yonge Street and Highway 427 — a critical route to Pearson from the east — is the single worst bottleneck in Canada, creating 3.2 million hours of delays annually for commuters and an estimated \$82 million drag on the economy⁹.

8 Greater Toronto Airports Authority (GTAA), “Growth, Connectivity, Capacity: The Future of a Key Regional Asset”, September 2015, <http://www.cip-icu.ca/CMSPages/GetFile.aspx?nodeguid=6ab5953c-dacc-4459-97c1-654df223ea28&lang=en-US>.

9 Canadian Automobile Association (CAA), “Grinding to a Halt: Evaluating Canada’s Worst Bottlenecks”, January 2017, http://www.caa.ca/wp-content/uploads/pdfs/en/16170_Canadian_National_Bottlenecks_Study_EN_1_4_17.pdf.



The implications of this are significant, especially since congestion will only get worse. **The GTA needs supporting air capacity east and west of Pearson.** Driving past Pearson through the GTA traffic to reach other airports will be increasingly difficult.

FIGURE 3. This map demonstrates the extent of congestion on the highways surrounding Toronto Pearson, and the lack of congestion on Highway 407, which provides direct access to the Pickering Lands. The map shows the average peak AM travel speeds relative to free flow speeds (FFS), which are the average speeds at which motorists would travel if there were no congestion or other adverse conditions. Average peak PM congestion is similarly high.

SOURCE: Canadian Automobile Association (CAA), "Grinding to a Halt: Evaluating Canada's Worst Bottlenecks", January 2017, http://www.caa.ca/wp-content/uploads/pdfs/en/16170_Canadian_National_Bottlenecks_Study_EN_1_4_17.pdf

4

AIRPORT SYSTEMS IN COMPARABLE GLOBAL CITIES

Worldwide, major urban regions rely on multi-airport systems to meet their air travel demands. For example, the Port Authority of New York and New Jersey oversees three major international airports (John F. Kennedy, LaGuardia, and Newark Liberty), as well as a number of smaller airports (Stewart, Teterboro, and Atlantic City), that together meet demands for general aviation, charter flights, executive travel, and regional and lower-cost travel. Similarly, the London, UK urban region relies on Heathrow as the major international hub, while Gatwick, Stansted, Luton, and London City provide other domestic, European and international services.

To meet all demands, regional airport systems must cover all of the market areas in their metropolitan catchment area. They typically have '360-degree' geographic coverage patterns around the primary city in the area, except where that city borders on a large body of water or other uninhabited area.

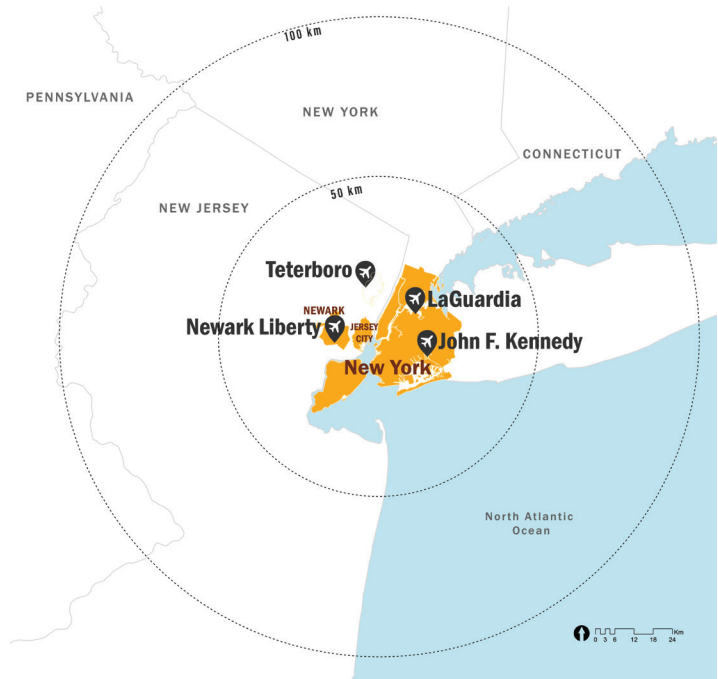




FIGURE 4. The distribution of airports around New York, London, Paris, Chicago and Los Angeles



5

THE SOUTHERN ONTARIO AIRPORT NETWORK AND THE NEED TO PLAN FOR THE GTA EAST

The GTA airport system is unbalanced and underdeveloped compared to international examples. Pearson, with its 44 million annual passengers, handles almost all of the scheduled passenger traffic for the region. To meet future demand in the region, Toronto Pearson and 10 other airports have formed the Southern Ontario Airport Network (SOAN), enabling the region's leading commercial airports to work together to support growth and amplify the economic impact of air service for Southern Ontario. SOAN provides a forum to identify air service development opportunities in the region in a comprehensive way as Pearson focuses on becoming an international mega-hub.

The creation of SOAN is a critical step in addressing the region's air travel needs and is a significant advancement in regional air system planning. Pearson's mega-hub evolution and capacity constraints will require other airports to take on a range of displaced air travel services and airport-related industries, which could bolster those airports and help to spur related industry clusters in the surrounding areas.

However, while the incremental enhancement of all airports will be good for the air sector and the province as a whole, it will not necessarily fill major gaps in air travel service or create the typical coverage seen in other airport systems.

Even if all SOAN member airports maximize their airport capacities, the east GTA would still be underserved as Pearson approaches its limits.

The GTA east will need access to a supporting airport that meets the following criteria:

1. Proximity to the east GTA catchment area¹⁰
2. Ability to accommodate at least one 3,000 metre runway¹¹
3. Sufficient land for expanded airport or employment uses¹²

None of the existing airports within 100 km of Pearson can meet these criteria:

- Billy Bishop is the only airport with scheduled service east of Pearson, and it is close to downtown Toronto. However, it cannot expand its runways, airport lands, or introduce jet aircraft, and has an estimated capacity of 4.2 million passengers annually (it served 2.7 million in 2016).
- Oshawa is well-positioned geographically, but is restricted from having scheduled passenger service and has runway length constraints.
- Lake Simcoe, Peterborough, and Kingston Airports are all too far from the centre of the GTA to be major supporting airports.
- Waterloo and Hamilton are both beyond a one-hour travel time to most of the GTA (see Figure 6).

¹⁰ The GTAA's 2010 *Needs Assessment Study for the Pickering Lands* includes peak-hour traffic modelling to predict driving times to Pearson, Hamilton, and Region of Waterloo Airports, as well as the Pickering Lands. The study revealed that only Pearson and the Pickering Lands will be accessible within one hour for the majority of Toronto, Region of York, and Region of Durham.

¹¹ The GTAA's 2004 *Pickering Airport Draft Plan Report* indicates that a reliever airport will need to handle all types of aircraft handled at Pearson, and would therefore require 10,000 foot (3,048 metre) runways.

¹² The 2004 *Economic Development Study for a Regional Reliever Airport on the Pickering Lands* by Leigh Fisher Associates and the 2017 paper "Flying Together" by the Southern Ontario Airport Network both identify airport employment clusters as major economic development opportunities for Ontario.

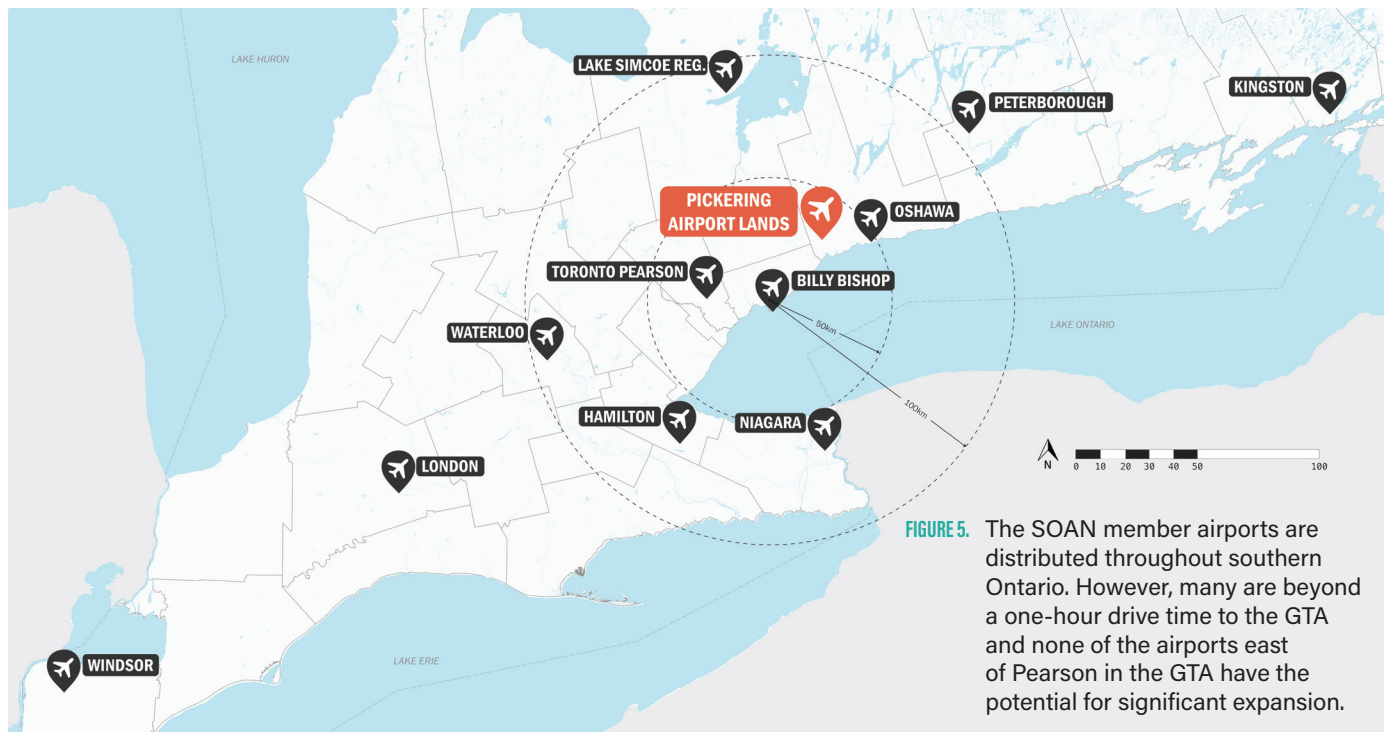
TABLE 3. None of the SOAN airports fully meets the criteria to fill the gap in air service in the east GTA

Southern Ontario Airport Network Member Airports Other than Pearson	Proximity to the east GTA catchment area	Ability to accommodate at least one 3,000 metre runway	Sufficient land for expanded airport or employment uses
Billy Bishop Toronto City Airport	✓	X	X
Oshawa Executive Airport	✓	X	✓
Kingston/Norman Rogers Airport	X	X	X
Lake Simcoe Regional Airport	X	✓	✓
Peterborough Airport	X	X	✓
Hamilton John C. Munro International Airport	X (west GTA only)	✓	✓
Region of Waterloo International Airport	X (west GTA only)	✓	✓
London International Airport	X	✓	✓
Niagara District Airport	X	✓	✓
Windsor International Airport	X	✓	✓

The SOAN airports will play a role in meeting the coming air travel demands in southern Ontario — and Hamilton and Region of Waterloo in particular will be key in serving the GTA west and beyond — but a solution without the Pickering Lands will fall short because Toronto, Region of York and Region of Durham will be underserved. **The existing SOAN airports with runway space are not close enough to the GTA, and none of them serves the gap in the east GTA** (see Figure 5).

Individually or collectively, they cannot match the space advantages, economic boost and sustainable airport potential of the Pickering site.

The case for the Pickering Lands is strong. The site meets all three criteria set out above and is the only airport location that can serve the east GTA. It also has the added advantages of excellent accessibility by several transportation modes and the space to balance the region’s needs for airport capacity, employment, and green space and sustainability.



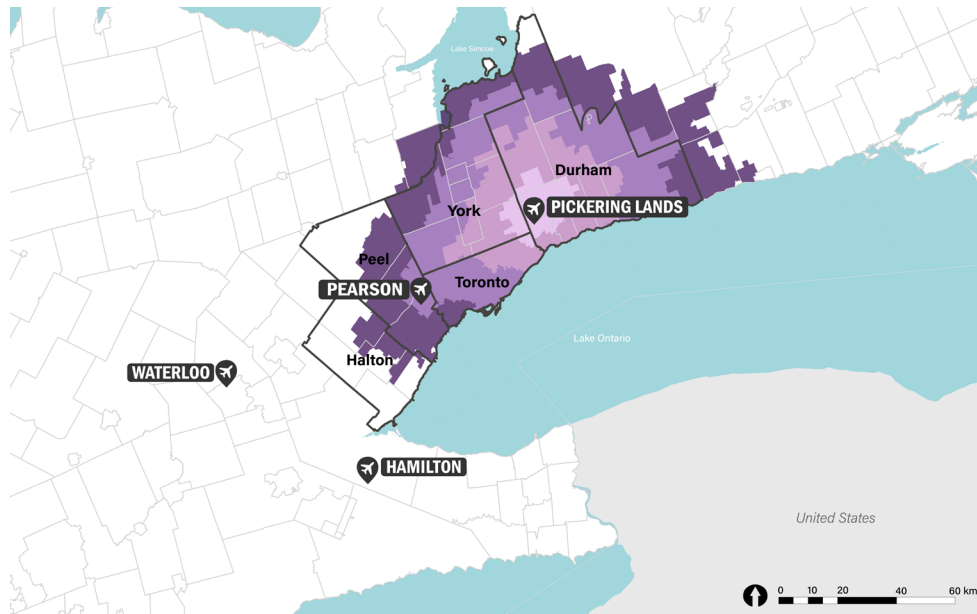
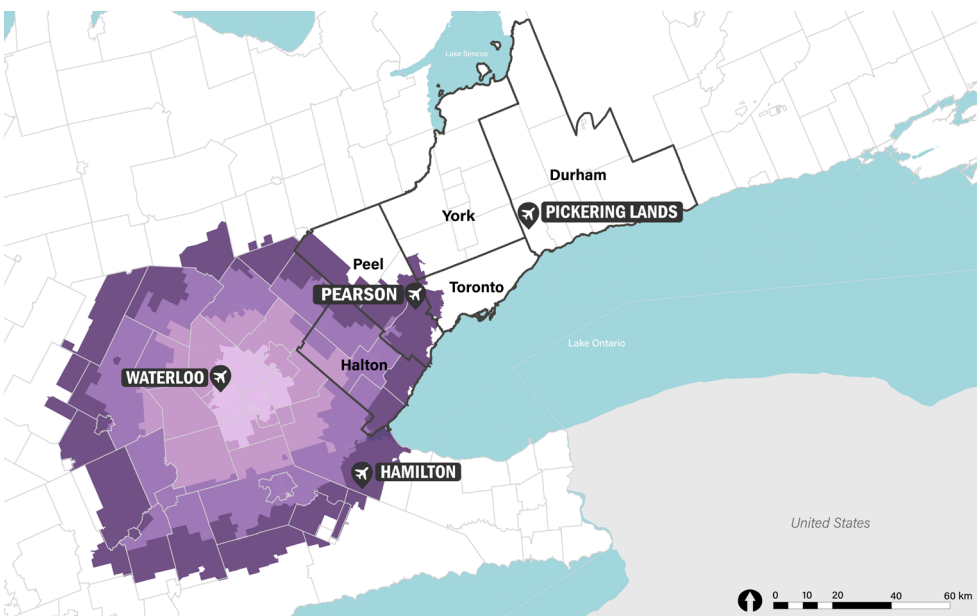
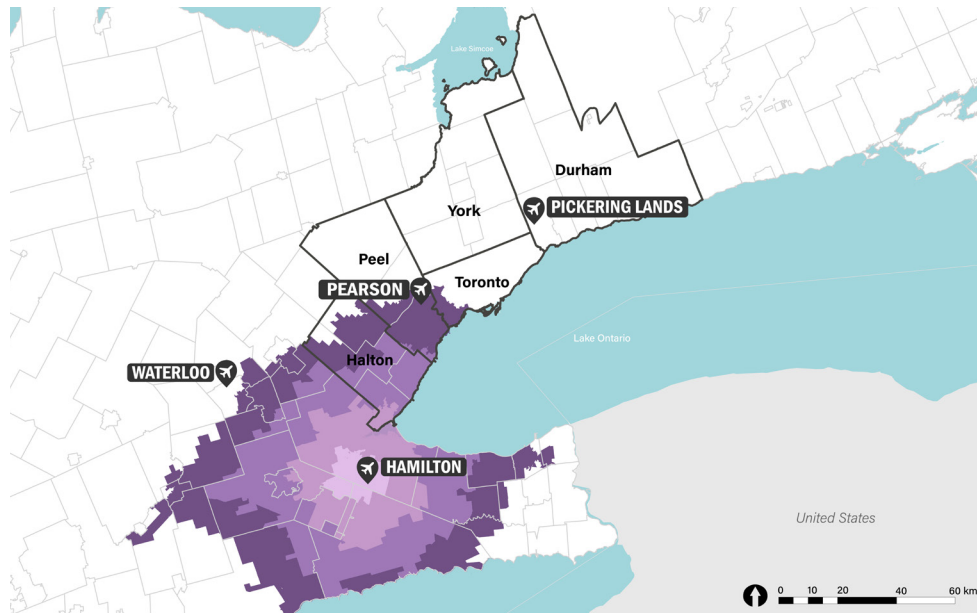


FIGURE 6. These maps show one-hour drive times from the Pickering Lands, Hamilton Airport, and Region of Waterloo Airport (based on GIS road network analysis).

With Pearson focusing its capacity on international mega-hub activities, the Pickering Lands are the only potential supporting airport site within one-hour drive time to Toronto, York and Durham. Much of the GTA is beyond a one-hour drive from Hamilton and Region of Waterloo Airports.



- 15 minutes
- 30 minutes
- 45 minutes
- 60 minutes

6

PICKERING: THE TIME IS NOW

6.1 Proximity to Toronto and ability to serve the GTA east

The Pickering Lands are the closest potential airport site to the centre of the GTA and the only one east of Pearson. It is within an approximately 50 km driving distance from downtown Toronto and can be reached in 40 to 60 minutes in peak morning traffic. The Pickering Lands could balance the region's air travel service and allow passengers to avoid the increasing congestion along the road networks to Pearson, the western GTA, Hamilton and the Region of Waterloo.

Excellent accessibility

The Pickering Lands have the best potential accessibility of any GTA supporting airport site. Highway 407 passes immediately south of the Pickering Lands, providing express highway access. Plans are also in place to include LRT or BRT service within a dedicated corridor as part of the planned 407 Transitway. The CPR Havelock Subdivision rail corridor also passes through the site. The corridor currently provides very limited freight service, but the existence of an active rail corridor on a large-scale potential airport site is a regional asset. New rail corridors are extremely hard to establish in urban regions, and no other significant airport in the GTA, other than Pearson, has direct rail access on site.

6.2 Space for versatile 3,000 metre runways

Runway infrastructure is critical in meeting future air travel needs. As regional air demand increases and Pearson focuses on international mega-hub activities, a supporting airport will need to be able

to satisfy a wide range of air services, potentially including scheduled passenger service, charter and executive flights, cargo movement, flight training, general aviation, and others. It is not possible to predict the precise mix of services a supporting airport will need to provide, so flexibility will be important. Transport Canada and the GTAA have both established that the 9,600 acre Pickering Lands site can fit two parallel primary runways with a length of 3,048 metres, and a single crosswind runway with a length of 2,591 metres. This is a major advantage of the Pickering site, because 3,000 metre runways can accommodate a full range of aircraft.

6.3 A site that can deliver air capacity, employment, and leading-edge sustainable and community-oriented design

The original Pickering Lands site was 19,800 acres in size. Transport Canada later determined that 9,600 acres should be preserved for potential aviation uses. The scale of the remaining lands presents a remarkable opportunity to establish a supporting airport with room for versatile infrastructure and expansion, in balance with employment uses, green space and sustainable design so that the lands serve the needs of the surrounding communities.

This uniquely-sized site is large enough to host an airport the size of Pearson with nearly 5,000 acres remaining to deliver other benefits for the region and easily buffer its operations from surrounding areas. No adjacent land uses constrain development or expansion, such as adjacent communities or other noise-sensitive uses, or tall structures.



The potential for a major employment cluster at the Pickering Lands

Airport areas can catalyze valuable employment clusters that generate jobs and GDP for the surrounding region¹³. Pearson is an excellent example. The cluster of 300,000 jobs around the airport make it the second largest employment area in Canada after downtown Toronto. This kind of 'aerotropolis' or 'airport city', as such clusters are increasingly known, often has a combination of higher intensity office and hotel uses nearest the airport; lower intensity uses such as assembly, logistics, manufacturing and processing in the industrial areas near the airport and connecting highway system; and a wider arc accommodating the full range of other economic activities that benefit from being close to an airport.

Pearson is an example of a mature airport employment zone, but airports can also activate new industry clusters with the potential to grow into regionally-significant employment areas, something the SOAN member airports hope to achieve as they take on displaced services from Pearson. This approach is also present at Downsview Park in Toronto where the Downsview Aerospace Innovation and Research (DAIR) Consortium has created a cluster to bring together academia, small and medium-sized enterprises (SMEs), and government partnerships to enhance working training, skills and development. While its future is uncertain, the DAIR cluster features diverse aerospace activities currently centered around the Bombardier Downsview plant, and benefiting from the parkland and employment land, as well as airport, highway, and transit infrastructure of the area.

The Pickering Lands present a similar aerospace cluster opportunity, with even more development land and better accessibility. The thousands of acres of potential employment lands on the site are complemented by the Pickering Innovation Corridor to the immediate south, which consists of 800 dedicated acres of greenfield employment lands along Highway 407 and the future 407 Transitway LRT or BRT service. The region's post-secondary institutions, such as University of Ontario Institute of Technology (UOIT) and Durham College, are innovation incubators that could establish research links to the airport employment cluster. The combination of available airport lands, highway and transit access, and local educational institutions would create an attractive and competitive environment for the expansion of the aerospace industry, which is one of Canada's key economic growth opportunities.

Transportation infrastructure can support the development of business clusters, and a new GTA East Airport at Pickering would be a key addition to the infrastructure of the Durham and York regions that would have mutually beneficial relationships with exiting industry clusters in information technology; automobiles and parts; materials; furniture; pharmaceutical/biotech; automotive and other manufacturing; media; distribution; power generation; hospitality and amusement; and agri-food. The existing clusters would both generate general aviation, cargo, and passenger activity, and benefit from the increased transportation infrastructure¹⁴.

Figure 7 indicates the extensive employment lands along the 407 corridor and elsewhere in Durham and York Regions and eastern Toronto that would both service and benefit from a new GTA East Airport.

¹³ See: Southern Ontario Airport Network, "Flying Together: The Southern Ontario Airport Network", May 2017, <https://www.soairportnetwork.com/news/2017/5/9/southern-ontarioairport-network-report-released>; and Leigh Fisher and Associates, *Economic Development Study: Regional Reliever Airport on the Pickering Lands*, prepared for Greater Toronto Airports Authority, 2004.

¹⁴ Leigh Fisher and Associates, *Economic Development Study: Regional Reliever Airport on the Pickering Lands*, prepared for Greater Toronto Airports Authority, 2004.

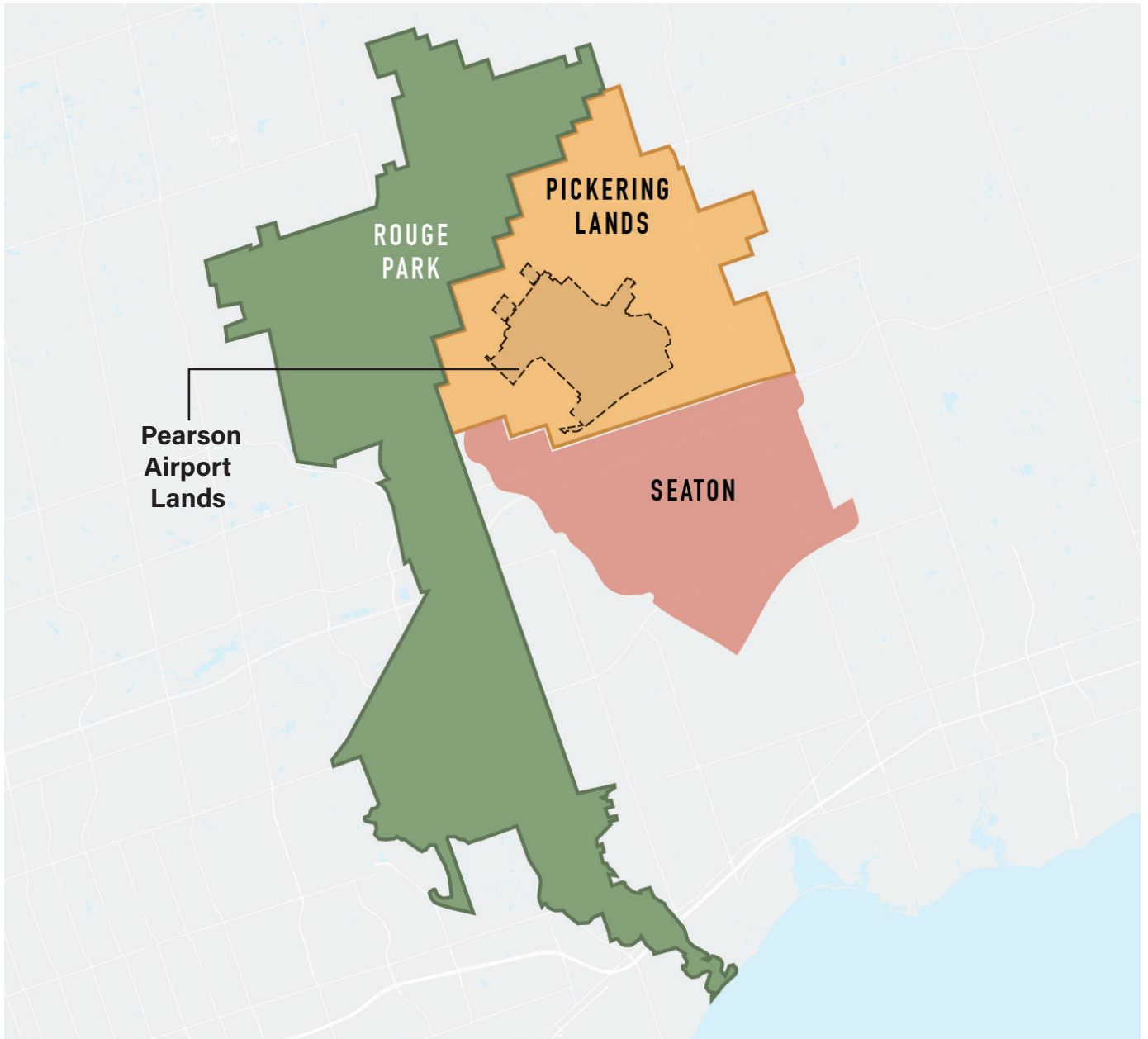


FIGURE 7. A comparison of the size of the Pickering Lands to the size of the Pearson Airport Lands, highlighting the potential for complementary uses on the site.

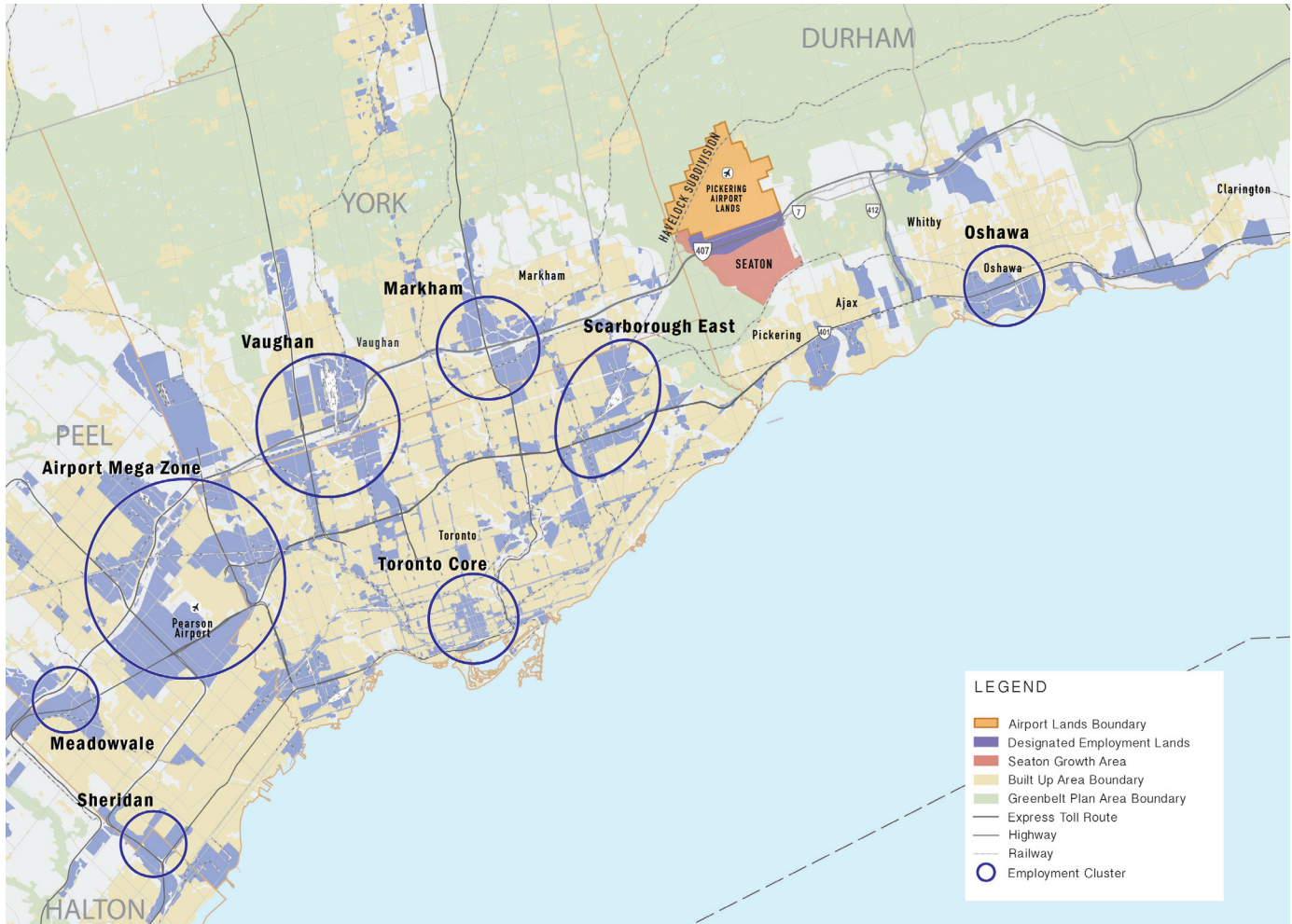


FIGURE 8. A map showing the regional growth structure, and highlights employment clusters across the GTA.

The development potential of the Pickering Lands and the Pickering Innovation Corridor is of national significance. It will also likely attract interest from domestic and international investors and developers, which may present an opportunity to support the airport's financing and development through appropriate public-private partnership.

A strategic site for valuable goods movement

Airports have a symbiotic relationship with their regional economies: growing populations and business sectors increase airport demand, and as airports expand their destinations people can access more markets. Increasingly, airports also help goods reach new markets. Airports are critical components of a valuable supply chain that allows Canadian producers and suppliers to reach both domestic and global markets. Freight-intensive industries, which move goods by road, rail, water and air generate hundreds of thousands of jobs, and account for 38% of Ontario's economy¹⁵. Air cargo plays a specific and high-value function in the goods movement system, providing fast delivery of the most specialized and time-sensitive goods. An airport sized for cargo services and with efficient connections to road and rail freight lines can enable billions of dollars of Canada's high value exports such as pharmaceuticals, manufacturing components, and food products.

Pearson alone processes over 45% of Canada's air cargo, and \$35.2 billion in exports passed through the airport in 2016¹⁶. This has enabled the development of competitive employment clusters, such as Toronto's remarkable rise to being a major food-producing city in North America. This air cargo capacity also brings significant benefits for industries across Canada. Gold, pharmaceuticals, and even live lobsters are among the top five exports from Toronto Pearson¹⁷.

The Pickering Lands are perfectly located to handle air cargo and support goods movement-related industries. The site is large enough for 3,000 metre runways and cargo facilities, and the immediate access to Highway 407 is the best connection to an express highway of any airport site in southern Ontario. The Havelock Extension heavy rail line that runs through the Pickering Lands also presents a goods movement opportunity, potentially providing a rail freight link on site for both air cargo and the other industries in the employment cluster.



FIGURE 9. Air cargo infrastructure connected to efficient road networks allows Canadian goods to reach both domestic and global markets

¹⁵ Ontario Ministry of Transportation, "Freight Supportive Guidelines", 2016, <http://www.mto.gov.on.ca/english/publications/pdfs/freight-supportive-guidelines-english.pdf>.

¹⁶ James Muir, "High value focus for Toronto Pearson", July 2017, <http://www.aircargoweek.com/high-focus-toronto-pearson>.

¹⁷ Ibid.



A site where the vision for a contemporary, sustainable airport can be realized

The Pickering Lands provide the opportunity to create an airport that sets a new standard for modern, sustainable and community-oriented design.

The main objection against an airport on the Pickering Lands has been the loss of agricultural land. However, 10,200 acres — more than half of the original land base — have already been transferred to the Rouge National Urban Park to remain as rural green space and agricultural uses in perpetuity. The remaining 9,600 acres provide an unparalleled opportunity to create an airport district that integrates green space and agricultural uses into its site design from the start.

The site is also large enough to include other meaningful sustainable design components. Contemporary airports are increasingly setting carbon-neutrality as an operating goal, through careful management practices and the implementation of appropriate energy and conservation techniques. Pearson has made great strides in this direction, and a GTA East Airport could implement a comprehensive Environmental Management System (EMS) similar to that currently in place at Pearson.

The Pickering Lands' substantial agricultural land assets also provide opportunities for other innovative sustainability and environmental management approaches. The airport site could be used for agricultural research with links to industries within the airport employment cluster and educational institutions such as the Durham

College Centre for Food. This could support advances in agricultural practice and potentially create a local source for the airport's food services. These lands could also be used to grow and demonstrate the viability of bio-fuels, which will likely become essential for air industries in order to achieve more rigorous carbon-reduction standards.

These opportunities to make a new GTA East Airport the greenest in the world and a centre for innovation in agricultural production are readily achievable given the nature, location and scale of the site. They can become part of the brand of the new airport and themselves sources of economic and employment activity.

In addition to the unique on-site sustainability opportunities, a new GTA East Airport could be designed from the outset to maximize transit access for passengers and for employees in the employment cluster around the airport, something that is lacking at many world airports.

Major changes are taking place in the modes and fuel sources of both ground and air transportation. Autonomous vehicles, 'green' electric power sources, ecological-friendly fuels, logistics technologies and the full gamut of artificial intelligence innovations will transform the ways people and goods move around urban areas and to and from airports. The GTA East Airport could set an entirely new standard, again something that can become a part of its brand and a competitive advantage for the region.



FIGURE 10. Pearson's first honeybee apiary, YYbeeZ, is situated along the trail near the Etobicoke Stormwater Facility (GTAA Partners in Project Green)



FIGURE 13. As one of the first airport terminal projects in the world to target LEED certification, the Living Wall demonstrates Edmonton International Airport's commitment to sustainable design (Plant Connection, Inc.)

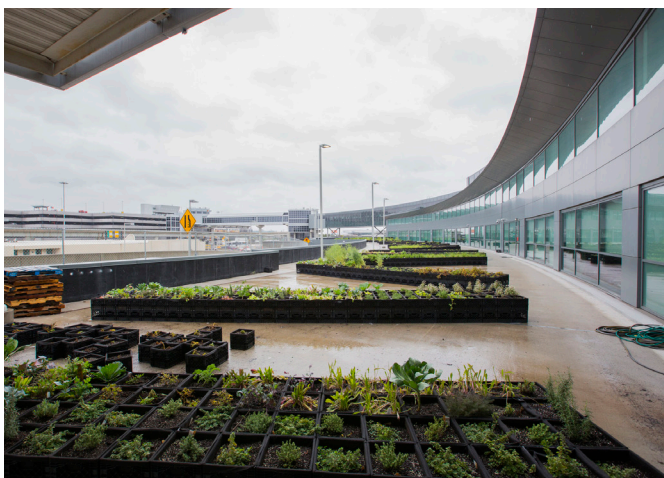


FIGURE 11. The T5 Farm located on the Departures level of Terminal 5 at John F. Kennedy International Airport contains the world's first blue potato farm at an airport (JetBlue Airways)



FIGURE 12. The Heathrow transport pod system provides a link from the T5 Business Car Park to the terminal and consists of 21 battery powered, driverless, zero emission vehicles (Golf Hotel Whiskey)

7

THE GTA EAST AIRPORT'S POTENTIAL ROLE IN THE REGIONAL AIRPORT SYSTEM

The scale and type of air services that the East GTA Airport could and should provide would grow and evolve over time. Some current population trends and existing constraints in the region's air and road transportation systems suggest some potential start-up scenarios:

Consolidation of former Buttonville and existing Oshawa air services:

Oshawa Executive Airport has absorbed many of the air services from Buttonville Municipal Airport since it announced its closure in 2009. Oshawa now offers executive air travel, flight training, air ambulance services, passenger charter services, freight services, aerial police operations, aircraft maintenance and aircraft restoration services at the airport, as well as other aviation-related services such as fuelling, maintenance and logistical support. Its air services and related industries could form the initial uses at the new airport.

New charter/vacation services based on latent regional demand:

The development of a new, full-service airport at Pickering could present an opportunity for travel companies in the east GTA and across the region to provide charter vacation services.

Travellers displaced by road congestion to Pearson:

The congestion bottlenecks along the highway system leading to Pearson are significant and expected to worsen, and a new GTA East Airport would likely provide a welcome alternative for travellers originating from east of Yonge Street. This may provide the needed demand to introduce scheduled regional or point-to-point service at a new airport on the Pickering Lands. As Billy Bishop reaches its capacity, a new GTA East Airport could also provide an alternative location to expand similar services for the region.

Air services displaced from Pearson as it evolves to mega-hub status:

As Pearson focuses on expanding its scheduled international travel services as a mega-hub airport, smaller-scale and more local services, such as intra-regional flights, some cargo services, and general aviation may be displaced, along with related services and industries such as maintenance repair and overhaul tenants. A new GTA East Airport at Pickering could absorb these functions.

The new GTA East Airport may eventually attract longer-haul scheduled service carriers, but that segment of the air industry is very hard to predict. An initial 3,000 metre primary runway would provide very versatile and future-proofed infrastructure for the new airport, allowing it to meet nearly any emerging demands.

8

NEXT STEPS FOR THE GTA EAST AIRPORT

There is an urgent need for new airport capacity in the GTA, and particularly in the east GTA where no existing airports can realistically serve the market area. The Pickering Lands are best positioned to meet that demand and deliver economic and sustainability benefits for surrounding region. To move that vision forward, there are three critical next steps:

First, the federal government should make a formal commitment to proceed with a new GTA East Airport at Pickering.

Second, an initial development concept plan and a sustainable management plan should be developed and refined through a comprehensive stakeholder engagement process. These plans should provide the framework for the GTA East airport to set a new standard for modern, sustainable and community-oriented design. That ambitious vision would have a number of components, including airside and landside operational strategies and active support of air fuel innovations but would also encompass an ecological management plan for the entire airport site.

That plan would include a comprehensive strategy for supporting the adjacent Rouge National Urban Park and the range of initiatives for the utilization of those sections of the site not immediately required for aviation use as areas for food production and processing. Stakeholder feedback would be incorporated into a revised concept plan, airport vision and green strategy.

Third, the federal government should issue a request for expressions of interest (REI) to the airport construction, operation and management industry to determine the level of interest in the Pickering Lands. This will help to define the scope of the development and establish whether a public-private partnership development model is feasible.

THE REGIONAL MUNICIPALITY OF DURHAM

Pickering

Airport Study

Why Invest in Pickering?

Project Number: 60562615

May 2018

Regional Municipality of Durham

Pickering Airport Study

Why Invest in Pickering?

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1. Introduction

The Greater Golden Horseshoe (GGH) is one of the largest regions in North America and one of the most popular places to live, travel for leisure, and conduct business operations. The GGH population is expected to grow from 9 million today to more than 13.5 million people in 2041. The GGH is also an important economic engine, generating one quarter of Canada's Gross Domestic Product (Ontario Ministry of Municipal Affairs and Housing, 2018). The successful development of the GGH relies, in part, upon an efficient and effective air transportation network that connects the GGH to surrounding regions and countries around the world.


Lester B. Pearson International Airport (Pearson) is a key component supporting the GGH's air transportation network. Pearson is expected to serve 85 million passengers by 2037, up from 47 million today (Greater Toronto Airports Authority, 2017). However, by the early 2040s, air travel demand in the GGH is expected to exceed 100 million passengers annually. As a result, notwithstanding planned investment at Pearson, the GGH's airport capacity will soon be facing a capacity shortfall.

Given these circumstances, the federal government responsible for airport capacity in the GGH must decide between two courses of action:

1. Maintaining the status quo in terms of planned airport capacity and governance;
 2. Enabling the development of a multi-airport system to accommodate additional demand and to support improved global air connectivity and associated economic development opportunities for the GGH.
-

Under the status quo, passengers facing crowded facilities and fare increases are likely to fly less, resulting in significant economic losses to people travelling in the GGH. Congestion at Pearson may also make the airport less attractive to airlines, which may relocate routes to other airports, compromising air connectivity of the region and the status of Pearson as a major global hub.

The second option consists of developing a multi-airport system comprised of Pearson as the primary airport and of the emergence of a second airport acting as a reliever to Pearson. Under the appropriate business model, this system may not only provide the much needed capacity relief, it could also increase the attractiveness of the GGH for investors and creative talent. Increasing air connectivity could also improve the



competitiveness of local businesses through improved service quality and frequency as well as lower fares.

The Region of Durham is seeking to advance the case for an airport investment at the Pickering site to meet future demand for air travel. Pickering presents clear advantages as a successful secondary airport for the GGH and as an employment hub by virtue of its size and strategic location in close proximity to Pearson and to downtown Toronto.

Studies commissioned on future aviation capacity in the last decades have concluded that the Pickering Lands should be kept and protected for future aviation needs. These studies have not, however, clearly articulated all alternatives available to decision makers, such as regulatory/business models, strategic directions for investing in the airport, and the implications for the economy and competitiveness of the GGH.

This report articulates the strategic rationale for proceeding with a Pickering airport investment and highlights the urgency of taking action in order to address looming airport capacity constraints as well as critical competitiveness issues for the aviation sector and the economy of Southern Ontario.

The report specifically addresses the following questions:

- What are the economic implications of maintaining the status quo relative to enabling the GGH and Southern Ontario to develop into a global multi-airport system?
- Why is a new airport at the Pickering site superior to other alternatives for handling the excess commercial traffic at Pearson?
- What is the most suitable business model for the operations of the new airport? What are the additional economic gains associated with that model for the GGH?
- What are the aviation services suitable to Pickering airport?
- Why does enabling development of airport lands for industry clusters alongside the new airport represent opportunities to improve the GGH region's competitiveness?
- What are the timelines and steps required to further fortify the case for the development of a greenfield airport in Pickering and why is it important that a federal announcement is made now?



2. Airport Capacity Constraints and Options

Demand for air travel in Southern Ontario has been rising rapidly in the last decade. The total number of annual passengers enplaned and deplaned at international airports in the GGH grew 6.6% per year between 2010 and 2016 from 32.4 to 47.6 million, with Pearson handling over 93% of the traffic (Statistics Canada, 2018; Hamilton International Airport, 2017; Region of Waterloo International Airport, 2017).

Demand for air travel is expected to continue rising over the next several decades. The 2017 Pearson Master Plan (GTAA, 2017) projects 71 million passengers in 2030 at Pearson alone, as compared to the 63 million anticipated that same year in the 2008 Master Plan. The revised forecasting model assumes a 3.1% average annual growth rate based on accelerated population growth as well as economic and demographic factors, which affect demand for air travel.

Applying the 3.1% growth rate to the current demand for air travel in the GGH suggests that demand for commercial passenger traffic could reach 110 million passengers by 2043. By contrast, information retrieved from the most recent master plans for Pearson, Billy Bishop, Hamilton International and Region of Waterloo International airports indicate that the Southern Ontario airport system will be able to accommodate approximately 90 million passengers in the late 2030s, resulting in a 20 million passenger capacity shortfall before the mid-2040s (GTAA, 2017; Ports Toronto, 2017; Hamilton International Airport, 2017; Region of Waterloo International Airport, 2017).

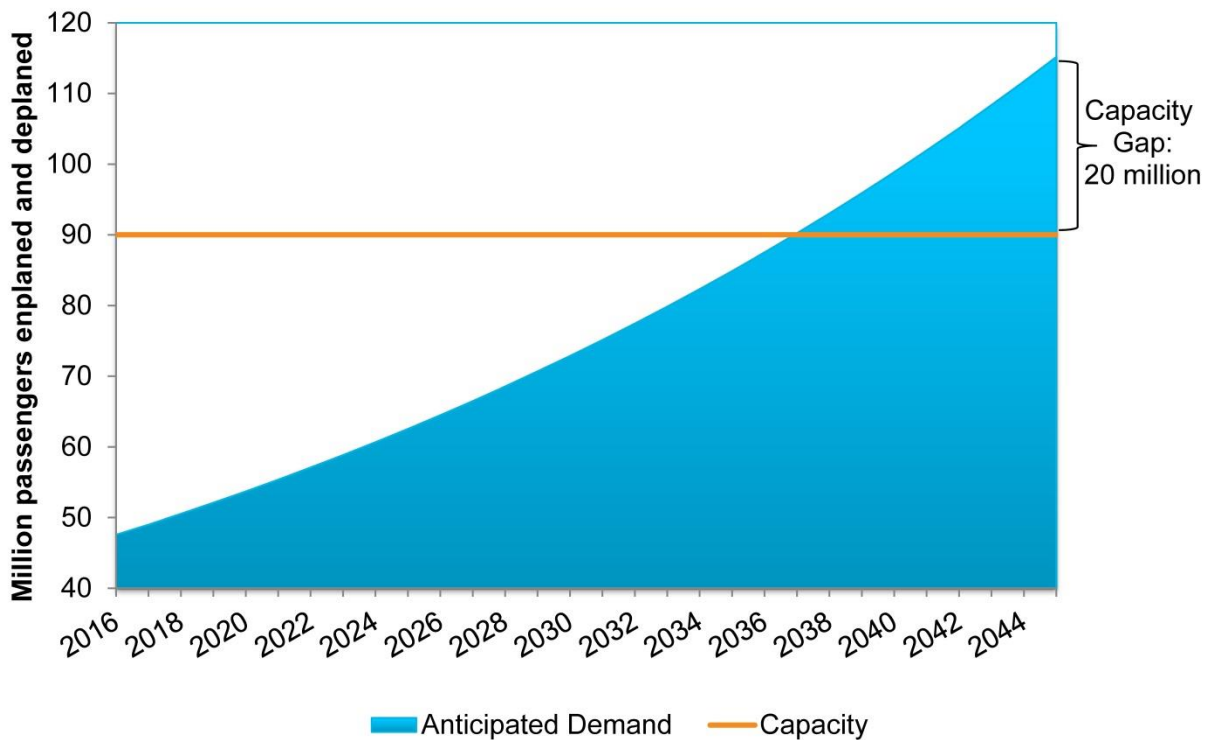
In addition to the passenger capacity gap, the rapidly growing population in the GGH will place additional strains on belly/mixed cargo, freighters, and integrated cargo logistics. Cargo shipments are expected to grow 4.1% annually over the next two decades from 450,000 tonnes today to close to one million tonnes in 2037. While the existing cargo and courier infrastructure at Pearson and Hamilton International airports can serve the western portions of the GGH, there will be raising needs to accommodate freight shipments originating from the northern and eastern portions of the GGH.

General aviation is also expected to grow, specifically by 1.6% per year to 240,000 movements by 2032 (Transport Canada, 2012). The 2017 Pearson Master Plan (GTAA, 2017), also highlights growing needs for secondary airports offering flight training. Meanwhile, the long-term availability of general aviation facilities in the GGH is uncertain. For example, Oshawa Executive Airport has noise restrictions due to the

surrounding residential development and has runway capacity constraints. Billy Bishop is slot-controlled with a majority allocated to airlines. There is thus likely to be a growing need in the near future for facilities that can act as a corporate aviation reliever and a training ground.

Figure 1 shows the unconstrained forecast demand for passenger movements in the GGH relative to currently planned airport capacity.


Figure 1: Unconstrained Demand for Air Travel and System Capacity Comparison



Sources: Greater Toronto Airports Authority, 2017 and 2015; Ports Toronto, 2017; Hamilton International Airport, 2017; Region of Waterloo International Airport, 2017.


There is little doubt that the GGH and Southwestern Ontario’s airport system will reach capacity in the near future. However, multiple factors influence the timing at which the GGH will reach capacity.

1. In order to achieve its planned capacity, Pearson will need to cease many short-haul flights (e.g., Toronto-London) (GTAA, 2017). In practice this is a carrier



decision, however, as slots become more difficult to obtain and expensive, airlines may well decide to abandon some of their less profitable routes at Pearson and look for alternatives in the GGH or elsewhere. Hence, the need to accommodate short-haul flights will arise much sooner than the anticipated airport system capacity shortfall.

2. Additional capacity may also be required long before capacity is reached due to peak period congestion and the growing impacts of climate change. For instance, the 2017 Pearson Master Plan indicates that capacity at the airport may be significantly reduced during hot summer days when aircraft are restricted to less weight than usual to be able to take off and hence can carry fewer passengers.
3. Airports in the proximity of U.S. border crossings such as Buffalo/Niagara Falls, NY could accommodate a portion of the excess demand in the GGH. The magnitude of the shift will depend on exchange rate fluctuations, relative prices and access times to airports for Canadian travellers. However, travellers departing from these airports may sustain longer access driving times and distances contributing to increased greenhouse gas emissions.
4. Technological advances may defer the year in which additional capacity is needed as they will allow airports to accommodate a greater number of passengers in existing facilities (i.e., self-service check-in and bag drop, more efficient security screening and border control processes, etc.)(GTAA, 2017). Some of these advances have already been implemented at Pearson, but there may be room for further efficiency.
5. Future alternative surface transport systems such as High Speed Rail (HSR) or High Frequency Rail (HFR) may potentially divert some short-haul trips. The 2011 feasibility study for the Quebec-Windsor HSR forecasted more than 10 million passengers in 2031, of which close to one million would divert away from air travel (MTO, 2011). This shift may delay the need for additional airport capacity by a few years; however, it does not remove the need to provide additional aviation capacity since it will not address many of the key drivers for aviation growth at Pearson such as growing demand for connecting passengers.



The federal government responsible for airport capacity in the GGH have two alternatives to address the looming airport capacity constraints:

-
1. Maintain the status quo in terms of planned airport capacity. Given the anticipated airport capacity constraints in the GGH discussed above, the status quo would mean that excess demand for air traffic is either suppressed or redistributed to other airport hubs outside the GGH and possibly to other emerging modes of travel.
 2. Enable the creation of an integrated network of airports, with Pearson remaining the primary airport and with the emergence of a secondary airport to handle excess traffic. The 2017 Pearson Master Plan supports this scenario, stating that “over the next 20 years we expect other regional airports in Southern Ontario to serve some of the needs Pearson currently accommodates.”(GTAA, 2017)
-

The next section presents an estimate of the economic costs associated with the status quo.



3. The Economic Costs of the Status Quo

If the status quo prevails in terms of airport capacity in the GGH, this will entail substantial economic costs, which in turn will translate into reduced competitiveness for businesses in the region. These economic costs depend on:

1. the number of air travellers that are unable to fly to their destination; and
2. the difference between the values they attach to those flights (i.e., their willingness to pay for them) and airfares.


The status quo is defined as a scenario in which there is no increase in airport capacity over and above the improvements already proposed in the recent Master Plans for Pearson, Billy Bishop, Hamilton International Airport and Region of Waterloo International Airport. Based on the air travel demand projections discussed in Section 2, this would lead to a capacity shortfall by the early 2040s.

By 2042, air travel demand is expected to exceed the airport system capacity (90 million passengers) by 15 million passengers. This is the number of air travellers that will be unable to fly to their destination from or to the GGH.

The second component of the economic cost is the difference between the value that the above travellers attach to the flights they are unable to take (i.e., their willingness to pay for those flights) and prevailing airfares. Based on the slope of the demand curve for air travel, the willingness to pay for a typical flight is up to \$257 in 2017 dollars while the prevailing airfare is \$230.¹ The difference between these two values represents the economic loss for air passengers unable to fly due to airport capacity constraints. This loss amounts to \$202.5 million for the 15 million passengers that are unable to fly in 2042.

In practice, passengers may not suffer the full loss if they are able to make other arrangements which are similar in cost and service quality, such as using another mode of travel for a short-haul flight. Yet, given the high value of time of air travellers and the

1. The slope of the demand curve is derived using the price elasticity of demand, which measures the sensitivity of the demand for air travel to changes in airfares when other influences on demand are held constant. It is represented by the percentage change in quantity demanded resulting from a given percentage change in fare. The analysis assumes an elasticity of -1.4 based on InterVISTAS (2007).



longer travel times associated with surface travel options, it is unlikely that economic losses can be mitigated significantly.

As demand approaches and exceeds capacity, this can provide airlines with an opportunity to raise airfares as a way of pricing off excess demand for air travel without actually losing business (since they are capacity constrained). This is especially likely on direct flights to and from congested airports as opposed to connecting flights, which are more valuable for carriers.

If airlines raise airfares by the full amount required to price off the excess 15 million passenger demand, airfares would need to rise by 12% to \$257.²


As a result, the remaining 90 million passengers who are able to secure a seat are now worse off or out of pocket by an additional \$2.4 billion in that year. This represents the loss that air travellers would bear if higher fares are used to ration excess air travel demand. Given the prevalence of yield pricing (i.e., charging different fares to different customers in order to maximize profit) in the airline industry, this is a plausible scenario (barring economic regulation of airfares). Appendix A provides a detailed description of the approach supporting this analysis.

In addition the GGH is also likely to suffer losses in competitiveness for local businesses that go beyond to the losses in air traffic demand and reduced global air connectivity. Failure to relieve the airport capacity constraint will lead to increased airport congestion (airside and landside), a higher incidence of travel delays, and a reduced ability to recover from weather events and other disruptions and higher airfares (as carriers take advantage of the excess demand to raise prices). These adverse impacts are similar to those experienced at London Heathrow airport over the last few years (see box on the next page).

The impacts for Southern Ontario can be further described as follows:

1. As Pearson becomes more congested, airlines may face additional crew and operating expenses due to the increased incidence of delays, which are likely to be transferred to passengers. Delays are magnified when the airport experiences constraints due to weather events as the capacity of the airport to recover is limited if infrastructure is fully utilized.

-
2. The change in airfare is also estimated using an elasticity measure of -1.4. This elasticity measure is said to be elastic, which means that relatively small increase is required to price off the excess demand for air travel.

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2. Passengers facing crowded facilities, fare premiums and difficulty finding seats may decide to travel from/to other regions, use an alternative mode of travel, or reconsider travelling altogether.
 3. Congestion may increase on local infrastructure including roads and ground transportation systems, imposing additional access times for travellers and further exacerbating the productivity losses of travellers.
 4. Valuable air travel activity, such as interlining traffic, may divert to other airports in other regions. Interlining traffic supports services to more destinations and greater frequencies. As airports become more constrained, airlines are likely to drop connection-heavy routes in favour of routes with high point-to-point demand. In other words, airlines may offer more flights but fewer destinations. This would affect Pearson's hub status adversely relative to hub airports in Canada and the U.S.

Investment in additional capacity is thus required to minimize delays and losses of potential services as operations continue to grow and the region reaches capacity.

However, many questions remained to be answered. Where should the infrastructure investment occur? What business model delivers the best value for money for the region? What types of aviation services are amenable for transfer to a secondary airport? The next section explains why Pickering is the superior option for developing a secondary airport for Southern Ontario.

Adverse Impacts of Capacity Constraints at London Heathrow Airport

London Heathrow Airport has been at capacity for over a decade now. The Greater London Area has been able to postpone investment in additional runway capacity over those years, suggesting that airport capacity can be increased with innovation and investment (e.g., with larger aircraft). However, the negative effects of constrained airport capacity are now starting to materialize. “Heathrow has been effectively full for many years, and Gatwick is operating at more than 85% capacity and is completely full at peak times. This makes it more and more difficult for airlines to operate efficiently, particularly long-haul carriers who are reliant on the high volumes of demand that can only be achieved at the country’s biggest airports. The resulting delays, cancellations and unreliability cause frustration and have a direct economic impact on airlines and their passengers, and ultimately on UK productivity” (London Airports Commission, 2015).

The most noticeable impacts associated with airport capacity constraints in London include the following:

1. Capacity constraints affect the extent to which airlines can serve demand. As slots become scarce, domestic services get priced out by more profitable long-haul routes, impacting the potential growth of the economies of neighbouring regions, particularly the North of England and Scotland. In 2012, the average price of a direct flight to or from Heathrow was more than three times that of nearby Gatwick. Moreover, while traffic forecasts indicate that Heathrow should have handled nearly 15 million more passengers than it did in 2013, other airports in the region captured only about half of the excess demand (McKinsey. N.D.). The London Airports Commission (2013) suggested that failing to alleviate capacity constraints could cost users up to £20 billion over the next 60 years.
2. Airports operating at capacity are less resilient during adverse weather events. Heathrow Airport suffered 60 days of delays due to inclement weather conditions whereas Gatwick suffered no such incidents as they were able to use their spare capacity to recover from delays (CAA, 2009).
3. Airport capacity constraints also impact the extent to which airlines can serve demand and create significant barriers for new carriers attempting to enter the market, putting pressure on the level of fare particularly in the long-haul market.
4. Capacity constraints have an impact on the UK’s connectivity. “With no room for additional flights at Heathrow and less and less capacity available at Gatwick, long-haul connections are increasingly focused on the most profitable routes, preventing the development of new links to emerging markets and affecting UK business growth and productivity in those regions. Heathrow’s status as an international hub for aviation is also being eroded. To be able to grow its route network it needs to attract significant levels of international transfer traffic to supplement local demand. But declining domestic connectivity, pressures on fares and limited resilience are causing difficulties for the airport in attracting these transferring passengers” (London Airports Commission, 2015).



4. Why is Pickering Superior to Other Options for a Secondary Airport?

The Pickering site lands were acquired by the Government of Canada and protected for the provision of future airport capacity in the GGH. The designated lands are a desirable location to develop a secondary airport along with an employment and innovation corridor on the surrounding lands. However, this alone is not enough to explain why an investment at Pickering is superior to other locations for developing a multi-airport system for the GGH and Southern Ontario.


The 2011 Needs Assessment Study prepared by the GTAA identified the following features in order for an airport to serve as a secondary airport in a Southern Ontario multi-airport system:

- Facilities to accommodate 10+ million passengers and potential for expansion
- Proximity to market
- Groundside access and connectivity to downtown Toronto and Pearson
- Limited aircraft noise impacts and curfew

A review of current master plans and individual airport characteristics suggests that without major expansion, the existing airports serving commercial traffic cannot accommodate all the expected demand for air travel in the GGH or serve as a second airport either due to limitations to expansion (i.e., Billy Bishop) or proximity to Toronto downtown (i.e., Hamilton and Waterloo).

Billy Bishop Toronto City Airport (Billy Bishop): Located adjacent to downtown Toronto, Billy Bishop is the only airport with scheduled service east of Pearson. In 2016, the airport served 2.7 million passengers (Ports Toronto, 2017). The Toronto Port Authority's 2012 Master Plan indicates that the airport has a capacity of 140,700 annual movements, which corresponds to approximately 4.2 million passengers annually, based on current loading factors.

According to the Toronto Port Authority (2012), Billy Bishop is close to reaching this capacity. Activity increases beyond this figure could likely only be achieved if additional movement slots were allocated to the airlines (air carrier operations are currently limited



to 202 movements per day). Billy Bishop also has a curfew that is strictly enforced and prohibits commercial aircraft movements between 11:00 p.m. and 6:45 a.m. (Ports Toronto, 2017).

John C. Munro Hamilton International Airport: This airport served 333,000 passengers and 438,924,000 kg of cargo in 2016 (HIA, 2017). The airport has a passenger terminal capacity of 1.5 million, leaving spare capacity to handle excess demand at Pearson. However, the airport attracts limited passenger services due to its distance from downtown Toronto (80 km driving distance). Over recent years, Hamilton attracted increasing cargo volumes, specializing in cargo/courier, likely due to night flight restrictions at Pearson. Lastly, the airport is situated on approximately 568 hectares (1,404 acres) of land owned by the City of Hamilton. Additional lands would be required, which would have cost and potential expropriation implications, which is both time consuming and contentious.

Region of Waterloo International Airport: The existing terminal at Waterloo Airport has an annual capacity of 240,000 passengers and the 2016 passenger numbers were approximately 130,000. The Airport sits on approximately 1,000 acres of land in the southern Woolwich Township (Region of Waterloo International Airport, 2017). Located more than 100 km away from downtown Toronto, the airport is too far from the Toronto market to serve as a second passenger airport.

None of the existing airports can be developed to act as a secondary airport for the region. Alternatively, the Pickering Lands present clear advantages as a successful secondary airport for the region and as an employment district by virtue of its size, features and strategic location.

Facilities to Accommodate 10+ Million Passengers

The Government of Canada has preserved 9,600 acres of land for the establishment of an airport at the Pickering site. The site is more than sufficient to construct up to three runways; one of them over 3,000 metres long. This would provide the airport with the flexibility to engage in various aviation activities from catering to smaller airplanes/jets to larger aircrafts, making it a truly versatile operation.

Transport Canada is currently updating the Pickering airport site designation and Zoning Regulations. These regulations aim to ensure land use and development adjacent to and in the vicinity of the airport site does not interfere with safe aircraft operations (Transport Canada, 2018).



Innovative and Sustainable Operations

Developing a greenfield airport within the GGH is a major undertaking. However, starting from scratch also provides unique benefits in terms of being able to develop a more sustainable airport terminal and improved connectivity to the adjacent employment and innovation corridor and the GGH as a whole.

With today's advancements in technologies, a greenfield airport development provides the opportunity to develop innovative and enhanced facilities that can achieve higher processing and efficiency rates than older facilities. Higher efficiency would in turn benefit the companies and end users from a logistical and revenue standpoint.

A new innovative and sustainable airport can also increase efficiency in resource and energy consumption, reduce waste, improve liveability around the airport site, and enhance engagement with the local community.

Proximity to Market, Groundside Access and Connectivity

The site is located close to growing markets in the eastern and northern regions of the GGH/Southern Ontario, which are not currently served by an international airport. The population of the GGH is expected to grow to approximately 13.4 million by 2041 with the Regional Municipality of Durham accounting for almost 1.2 million (Government of Ontario, 2016).

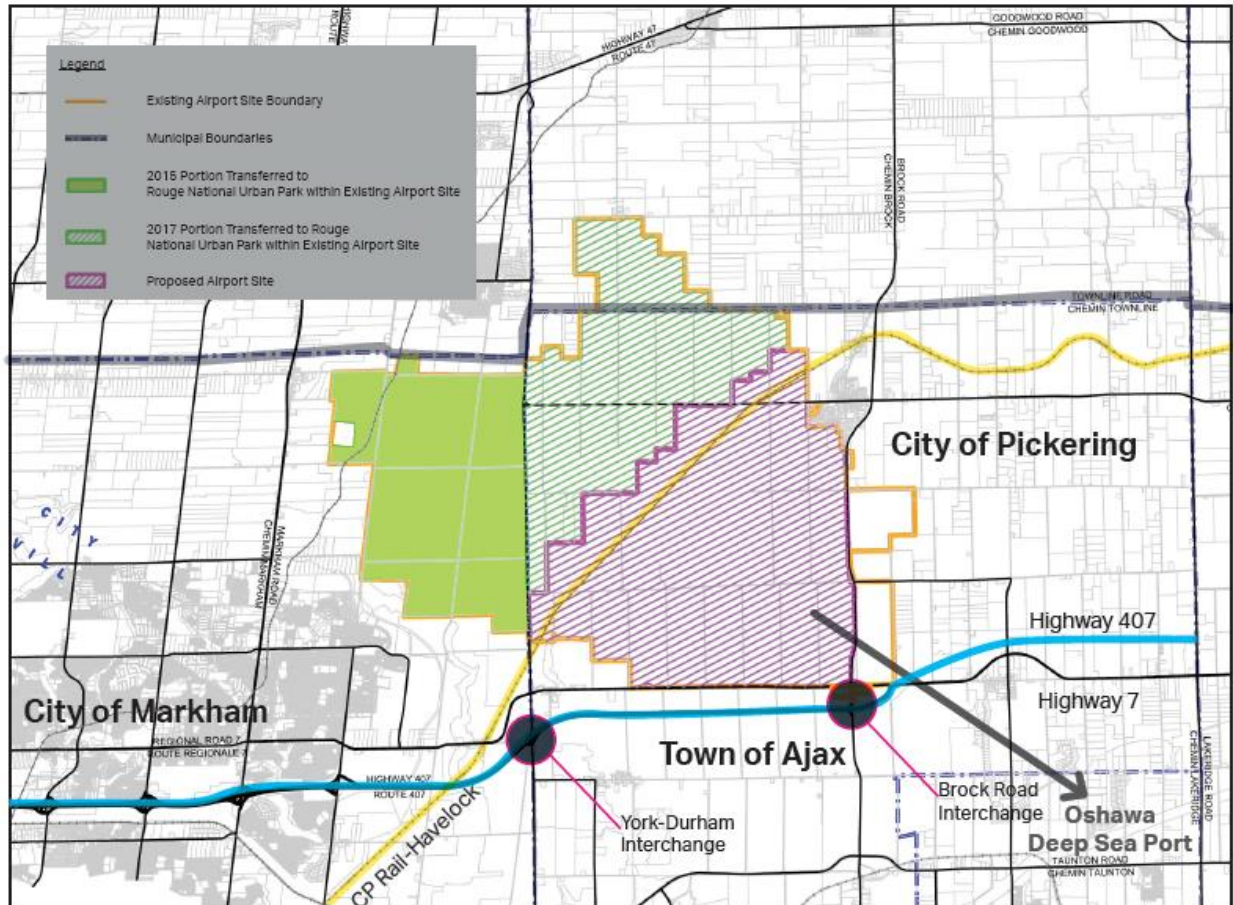
Pickering is located less than 50 km away from Pearson and 35 km from downtown Toronto, facilitating connecting traffic between Pearson and the Pickering airport relative to existing airports, and establishing a favourable location for business travellers destined to the downtown core. The site is connected by a network of 400-series highways to facilitate logistics between the airport and the metropolis. The Pickering lands are also in close proximity to two existing rail lines, each potentially capable of providing transit access to downtown Toronto. In addition, the 2041 Regional Transportation Plan for the GTHA (Draft) includes a future rail service to the Seaton area, which could serve the Pickering airport as well (Metrolinx, 2017).

Aircraft Noise Impacts and Curfew

Due to the size and location of the land and the presence of the Rouge National Urban Park in its vicinity, Pickering is the least disruptive site to surrounding developments in terms of aircraft noise pollution. In addition, this would foster minimal curfew and flight restrictions that would otherwise be imposed on other airports.

In addition, developing a greenfield airport offers the flexibility and features to plan and design a new secondary airport facility that would optimize and integrate technological and environmental features at the outset.

Figure 2: Pickering Airport Lands



Pickering Airport Lands are bounded by Pickering's Innovation Corridor along Highway 7 to the south, Brock Road to the east, Townline to the north and the York-Durham Line to the west. Base Map Source: Transport Canada (2018)



5. Aviation Services Suited to Pickering Airport

As a secondary airport for the Southern Ontario multi-airport network, Pickering airport is expected to accommodate the excess commercial passenger services. New and enhanced facilities combined with a lower cost structure relative to Pearson could provide more operational flexibility, thereby stimulating new demand for aviation services (Transport Canada, 2011). This is likely to include new entrant carriers, general aviation services, and cargo and courier services.

The extent to which traffic segments can be attracted to Pickering depends on two factors: (1) the “push factor” of Pearson traffic which cannot be accommodated due to capacity limitations, and (2) the “pull factor” of traffic segments where Pickering might have a competitive advantage. The two factors are not mutually exclusive.

Commercial Passenger Traffic

The most pressing need is undoubtedly an adequate alternative to Pearson to accommodate flights that will no longer be served at Pearson due to airport capacity constraints. In that respect, Pickering airport will serve as an adequate alternative and allow the GGH to maintain its air connectivity and Pearson to protect its status as a global hub.

In addition to serving as a reliever airport for existing airlines, Pickering could also attract new airlines wishing to serve the GGH, without competing directly with Air Canada or WestJet. For example, the Pickering airport could be an ideal location for low-cost or ultra-low-cost carriers looking to develop competitive services in the GGH. Major carriers could include Spirit and Frontier from the US.

Alternatively, Pickering could serve as a spoke to other hubs. Delta Airlines (with hubs in Detroit, Minneapolis and Atlanta) and American Airlines (with hubs in Chicago and Dallas) could initiate spokes to their major hubs in order to develop a competitive advantage for scheduled traffic to/from the northern/eastern GGH.



General Aviation

The Pickering airport could potentially become a primary provider of general aviation services in the GTA. The availability of new and enhanced facilities (i.e., longer runways) for the general aviation community would not only accommodate growing traffic, but could generate new demand (Transport Canada, 2011). Also, as noted by GTAA (2017), there are expected to be fewer general aviation facilities available in the near future contributing to the demand for additional capacity, especially with regard to flight schools. Factors such as uncertainty related to airport operation at Buttonville airport, noise and expansion restrictions due to the surrounding residential development at Oshawa Executive Airport and limited availability of slots for planes at the Billy Bishop airport could also influence the emergence of Pickering airport as a viable option for general aviation services.

Cargo/Courier

The Pickering airport has many of the features required to attract cargo and courier services.

1. Modern logistics and storage facilities can achieve higher processing and efficiency rates relative to older facilities at Pearson and Hamilton, which is an appealing factor for shippers in such a highly competitive and innovative sector.
2. Given the significant investments made by integrated carriers at Pearson and Hamilton, it is unlikely that they would split their operations by starting a sizeable operation in Pickering. However, Pickering could potentially serve the northeastern portion of the GGH market through a modest integrated carrier operation (Transport Canada, 2012).
3. Available land around Pickering and the extensive multimodal infrastructure in its vicinity offer shippers an opportunity to expand their storage facilities and logistics for current and long-term requirements and end-user demands.

Charter Aviation

Charter carriers are generally limited to point-to-point traffic and are very price sensitive. As such, a lower cost structure at Pickering would be attractive for these types of carriers.

The Pickering airport would also serve as an opportunity for businesses to establish and/or relocate to Durham Region. With relatively lower real estate costs than other



regions in the GGH area, the Pickering airport can support an increase in business aviation demand through that would inevitably be associated with businesses in the vicinity and the wider region.

The development of Pickering airport represents the best option for regional airport expansion. But Pickering airport will have to develop appropriate promotional programs to ensure that the new service opportunities are realized in practice.



6. Business Model Options

The success of Pickering as a secondary airport will inevitably depend on its ability to attract passengers and air carriers. In order to build a sizeable clientele, the airport will need to offer competitive prices for travel. The airport owner and operator will play a significant role in the success of the airport, as they are responsible for investment decisions, cost controls and overall management.

Asset Ownership


With the exception of Billy Bishop and Fort McMurray, all larger airports in Canada are owned by Transport Canada, which in turn leases them to airport authorities in exchange for an annual rent (Transport Canada, 2018). The analysis assumes that Transport Canada will retain the ownership of the land and the infrastructure. This model is unique in the world and differs somewhat from the increasingly common privately owned business model. In theory, this business model is expected to keep costs down. In practice, evidence shows that this model can result in higher costs. For instance, in 2013, Toronto Pearson paid the equivalent of 11.5% of its gross revenue in rent to Transport Canada (Government of Canada, 2016). As a result, Canadian airport authorities are “demanding the elimination of this rent, the cancellation of the 80-year leases (60 + 20 years) and the outright transfer of the real estate assets to the local airport authorities, as has been the case for several small airports transferred to certain provinces or municipalities” (Institute for Governance of Private and Public Organizations (IGOPP), 2014).

Airport Operation

While it is premature to speculate on the final business model for a Pickering airport, there are alternatives that could be considered for the operations of the airport including a private or semi-private operator, not-for-profit airport authority, and municipal or local public operator.

Private or Semi-Private Operator

Privatizing the airport operations through a concession or management contract is an attractive option to manage operations at Pickering. The private or semi-private approach can provide new funding sources to meet financial requirements and the most degree of independence in setting prices.



A private entity has access to debt and equity, with a portion or all the equity owned by private investors. Under this model, shareholders looking to make a return on their investments, are likely to exercise pressure for the board of directors to pursue new opportunities, cost control and more efficient management. In order to control costs and achieve competitiveness, the privately-operated airport is also more likely to prioritize investments with higher returns and unlikely to over invest in airport developments as can be the case for not-for-profit entities that are not allowed to retain net revenues. However, a privately-operated airport may require economic regulations to create incentives for efficiency improvements and to ensure that these gains are shared with passengers.

Not-for-Profit Airport Authority


A second option would be to divest the airport operation to a not-for-profit airport authority such as the GTAA, which operates Pearson, or one created for the sole purpose of operating Pickering airport.

This option has the potential to limit the airport's capacity to reduce fees and attract airlines and passengers for several reasons. Not-for-profit, non-share capital corporations are allowed to set fees, take on debt, and operate subsidiaries. The revenue from this model comes from three main sources: landing fees paid by carriers, airport improvement fees paid by passengers and other ancillary revenues (rental of commercial spaces, parking fees, etc.). By nature, not-for-profit organizations are not allowed to retain net revenues and must reinvest all profits in airport development potentially resulting in unnecessary investment or "gold-plating". Conversely, the lack of equity capital limits the airport authority's ability to finance needed investment and may force it to increase user fees. These additional user costs reduce the competitiveness of airports relative to other jurisdictions, especially U.S. border airports.

Moreover, "this formula, as opposed to a tax on profits, creates a disincentive for airport authorities to invest in low-margin business opportunities such as retail and other services to travellers that might otherwise be profitable and defray costs that travellers would otherwise need to pay" (Robins, 2017).

Municipal or Local Public Operator

The airport could be municipally or regionally controlled, as are many airports in the U.S. In this model, Pickering City Council or Durham Regional Council would be the ultimate decision makers. The main benefit of this scenario is the ability to co-ordinate business development in adjacent lands as part of any regional program. This model



also provides an opportunity for more emphasis on regional conditions and co-ordination with other regional/municipal bodies. However, this scenario constrains funding sources, because local governments have limited revenue tools.

Additional Economic Gains with a Private Operator at Pickering Airport

A Pickering airport model with private participation could attract 16 million additional passengers within 5 years and generate \$2.6 billion per year in additional economic gains if airfares dropped by 10%.

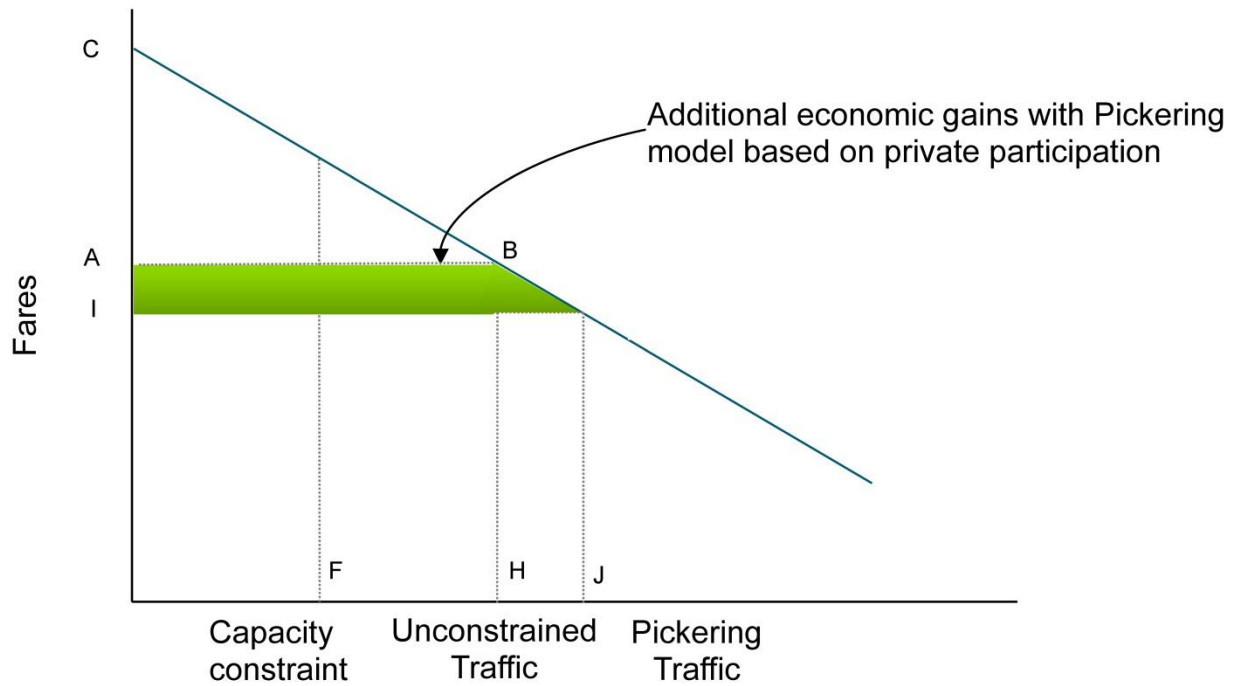
These benefits result from the combination of cost savings for users and airlines at the region-wide levels and increased demand for travel resulting from the reduced fares.

Multiple factors contribute to reducing fares.

1. A semi-private or private airport operator would be more inclined to control operating costs and seek out new airline carriers. This would result in lower airfares for commercial passengers.
2. Reductions in aircraft delays due to congestion at Pearson would alleviate the cost burden on airlines, in terms of additional crew and operating costs. A portion of the cost savings could likely be passed on to customers.
3. When the capacity constraint is removed, new airlines can enter existing routes and this increase in competition can put downward pressure on fares. Evidence from other jurisdictions suggests that low-cost and ultra-low-cost airlines locating at secondary airports within a multi-airport system tend to have a downward impact on airfares and significant positive impacts on passenger traffic. The box on the next page reviews evidence from the entry of Southwest Airlines in the U.S.

Using a conservative assumption of a 10% reduction in airfares (A=\$230, I=\$207), an unconstrained demand (H) of 105 million passengers in 2042 and a price elasticity of -1.4, the demand for air travel could increase by more than 16 million passengers per year at Pickering.

These benefits could arise within five years of operation, assuming the airport is operational by 2037, when the region hits its capacity constraint of 90 million passengers. The improved accessibility would translate into economic gains of \$2.6 billion per year for the region (shaded area).



Potential Impacts of Ultra Low Cost Carriers (ULCCs) on Price Competitiveness and Air Travel Demand

The entry of Southwest Airlines on the U.S. market in 1971 had a significant impact on average fares, with declines varying between 8% and 45%, as shown in Table 1. In many of these cases, routes may have been served by one or two airlines prior to the arrival of Southwest Airlines and as such may have started with higher fares, which explains the large declines. Also, in many cases, Southwest operates from secondary airports whereas the other airlines serving those routes are likely to operate from the primary airport in the region.

Bonnefoy (2016) notes that the entry of Southwest Airlines at Boston/Manchester and Boston/Providence had a significant impact on their respective passenger traffic. “At Boston/Manchester, the year-to-year growth in passenger enplanements was on average 6% from 1990 to 1997. After the entry of Southwest in 1998, this average annual growth rate increased to 45% during the two subsequent years. The same phenomenon occurred at Boston/Providence, where the traffic grew on average at 35% per year during the three years following the entry of Southwest” (Beckenstein, A. et al. (2017).

Table 1: Impact of Southwest Airline on Airfares

Route	Before	After	Decline
Nashville – Pensacola	\$224	\$123	-45%
Chicago – Wichita	\$245	\$172	-30%
Chicago – Pensacola	\$203	\$187	-8%
Houston – Memphis	\$214	\$178	-17%
New Orleans – San Diego	\$255	\$217	-15%
St. Louis – Grand Rapids	\$190	\$129	-32%

Source: Beckenstein, A. et al. (2017).



7. Employment and Innovation Hub

Directly adjacent to the future airport is the Pickering Innovation Corridor, comprising up to 320 acres of development lands. The Pickering Innovation Corridor offers compelling advantages to attract new businesses. The site is planned to provide 8.5 million square feet of new office space at generally lower prices than elsewhere in Greater Toronto.

The site is served by an extensive transportation network including a network of highways, a deep-sea port, and railway infrastructure, all of which are key economic development drivers. Anticipated convenient transit connections also make it easily accessible and a compelling location for developing a new sustainable employment hub.


The Region is home to five post-secondary educational institutions which produce a highly skilled labour force. The area also benefits from a high-quality of life and proximity to higher educational institutions – including the University of Ontario Institute of Technology, Trent University Durham, Queen’s University satellite campus, nearby University of Toronto Scarborough Campus, Durham College and Centennial College Learning Site – which produces a highly skilled labour force.

Aeronautics Cluster

Over half of the top 25 aerospace firms, and over 200 companies supplying components to all major aerospace programs globally are situated in Ontario, with some of those establishments in the Durham Region (Ontario, 2018). With the abundance of land dedicated to the airport and new and enhanced facilities, aeronautics firms could be attracted to the Pickering Lands in order to benefit from relatively lower lease costs and the ease of access to airport facilities, thereby expanding facilities at the Pickering airport. In addition, the Government of Ontario’s ‘Invest in Ontario’ initiatives and incentive programs provide opportunities for companies to consider contributing to an aeronautics cluster at Pickering airport (Ontario, 2018).

Transportation and Logistics

According to the Durham Region Work force Authority, the transportation and logistics industry has extensive potential for growth and development. In 2015, the region was home to more than 1,700 firms primarily engaged in goods movement, warehousing



and storage, as well as other ancillary services, with seven of these employing more than 200 people (Durham Region Work force Authority, 2016).


The Pickering Lands would be a suitable location to accommodate future growth in logistics and freight forwarding given its location near multimodal infrastructure such as the CP Rail Havelock corridor, Highway 407ETR, local and regional road networks and the Oshawa deep sea port.

Agri-business Activity

Agri-business is one of the largest industries in Durham Region. Approximately 80% of the region is rural, and almost 300,000 acres of Durham Region are in production (Durham Region, 2017). The proximity of the proposed airport to the agricultural sector would support the delivery of Canadian agricultural products to end markets around the world, and provide an opportunity to create “Growth Centres” supporting the agri-business industry.

With globalization and increasing demand for food sources, innovative farming practices have led to large-scale farms with automated facilities. The number of farms in Durham Region has been decreasing. However, the value of gross farm receipts have increased year over year, suggesting that individual operators farm increasingly large areas (Region of Durham, 2011). Hence, Pickering airport would be an ideal location for food processing facilities, given the proximity to transportation logistics services for domestic or international end markets.

The benefit of promoting the agri-business sector, also known as ‘field-to-fork’, is substantial. The sector currently employs 2.1 million Canadians and represents 6.7 percent of the Canadian GDP, resulting in Canada ranking 5th in agriculture exports and 11th in agribusiness exports. Nevertheless, Canada ranks lower than smaller countries such as Netherlands and less economically advanced countries such as Brazil (Advisory Council on Economic Growth, 2017). The Netherlands supports an innovative market which promotes efficient and effective logistics in exporting agricultural products. Its agricultural Growth Centres are strategically located in close proximity to major markets and infrastructure nodes such as roadways, ports, and airports which is one of the keys to an organized and integrated supply chain and transportation infrastructure (Advisory Council on Economic Growth, 2017). As mentioned, the global outlook for food and an expanding global middle class will benefit Canada’s agri-business significantly (Kharas, 2017). Canada’s exports of niche products such as canola oil increased to approximately 200 percent (2003 to 2015), largely because of high



demand in emerging markets such as China (Government of Canada, 2017). Some of the largest commodities produced in Durham Region that would meet the global demand include dairy, corn, soybeans, grains, fruits, and vegetables (Durham Region, 2016). Building Pickering airport at the proposed location could support transportation and logistics centres similar to world leaders in the agri-business industry such as the Netherlands.

In addition, urban agriculture and micro-agriculture, which do not rely on large tracts of agriculture land for cultivation and growth of crops, may be well suited for the area around the Pickering airport. Such practices would allow the operation of an airport and farming to produce, process and distribute locally grown food to co-exist within the Pickering Lands. The proximity to local communities, availability of a network of transportation options and the flexibility to locate food processing facilities in the vicinity of the agricultural operation makes it a viable option for consideration.

8. Airport Development Timing

Greenfield airport development can take decades to bring to fruition. This is true of a new airport at Pickering, despite the extensive planning and environmental studies which have already been completed. There is evidence from the new Western Sydney airport in Australia, which has been under development for several decades. As a result, it is essential that the Government of Canada indicate its intention to allow for the development of an airport at the Pickering site in the near to medium term. Failure to do so would amount to a de facto acceptance of the status quo (i.e., no airport capacity expansion in GGH) and the economic costs associated with such a decision.

It is imperative that the planning, design, and construction process for the airport start years in advance of the anticipated date for operations.

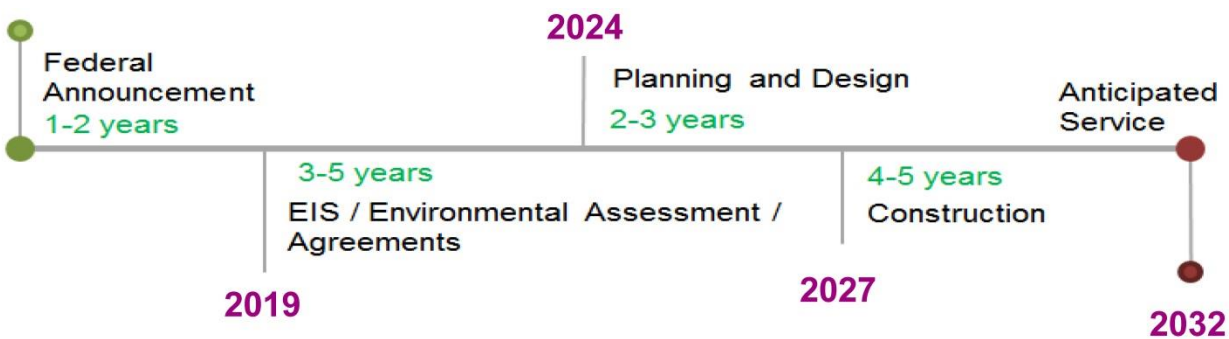
Several factors influence the timing of the entire process including environmental assessments, agreements, planning, design, and construction for the airport.

It is not uncommon to see timelines in the 10-to-15 year range from initial environmental statement filings to the completion and operation of an airport or runway. This is exhibited in a number of analogous airport development experiences around the world. The box on the next page summarizes similar experiences at the Western Sydney and London airports.

In conjunction with the environmental assessment process, the proponent of the proposed Pickering airport would need to initiate the planning, development, and design plans. If all preliminary environmental investigations were complete, and did not require additional work or supplementary investigations, then the first key milestone would be a federal government announcement to develop an airport at the Pickering site, followed by Environmental Impact Statement (EIS) → Environmental Assessment → Agreements → Planning and Design → Construction → and Service of the airport.

As shown in the schematic below, the overall timeline for the development of the Pickering airport would likely be in the 10-to-15 year range and possibly longer, given the requirements under Bill C-69.

In addition to the timelines required for airport development, there are additional factors which underline the importance of a federal announcement for Pickering airport in the near future.



Projects such as the Seaton residential and employment community adjacent to the Pickering lands are moving ahead. If there is no clear announcement regarding a future airport at the Pickering site in advance of the Seaton development, this new development could create considerable local opposition.

Initiating planning and design for the new airport early on could help mitigate those impacts on existing and future communities, especially given the size of the land preserved for the airport, which provides opportunities to minimize impacts relative to other potential airport expansion sites that are more constrained.

Lastly, our findings indicate that there could be a demand for airport services at the Pickering site well before Pearson hits capacity, due to impacts of congested air traffic operations on service quality as well as the fact that the GTAA's maximum capacity of 90 million is based in part on the assumption that some short-haul flights will be transferred out of Pearson.



Timelines and Requirements for New Construction and Expansion of Airports: Evidence from Western Sydney and London Heathrow

The Western Sydney Airport, which is of similar size and complexity, is a good example of the timelines required to prepare all the studies required to get approval for the construction of a greenfield airport. The Australian Government recently approved the airport's design and construction process. Australia has a similar Environmental Assessment process to Canada, which is subject to similar requirements and approval (Government of Australia, 2003). Considerable environmental preparation work was already undertaken at the Western Sydney Airport leading up to the final Environmental Impact Statement submission in 2016. From the final submission of the EIS, it was noted that the Western Sydney Airport would require an additional 10 years at a minimum to have the airport completed and operational (Government of Australia, 2017).

Heathrow Airport currently has two runways in operation, where existing capacity is at 98% usage (2018, Heathrow). It has attempted to manage the capacity constraint through various operational innovations as well as through higher fares. Despite doing so, Heathrow has not been successful in managing the excess air travel demand, resulting in lost business and passengers redirecting to airport hubs elsewhere in Europe. It is noted in several reports that the existing capacity issues in the London area are impacting UK's economy as carriers and airlines are looking at alternative airports for connecting flights, and those wishing to fly to/from London are subjected to increased pricing due to a constrained market. Assessing the timelines of the government's initial plans to expand to a third runway in 2003 (DOT, 2003), the airport was already approaching capacity at 96%. Aircraft movements in 2003 were just under 460,000 and in 2007 the airport had already reached capacity

with over 475,000 flights that year (Heathrow, n.d.). In October 2016, approval of the expansion of the airport was finally granted by the government (Heathrow, 2018). However, more than 15 years have passed since, and the result of additional development surrounding the airport has increased resistance and opposition to the airport expansion. The Heathrow example illustrates the need to announce plans for a new Pickering Airport in the near future.



9. Conclusion and Next Steps


A sustainable and innovative airport in Pickering would not only provide much needed additional airport capacity within close proximity to downtown Toronto, it could also enable Southern Ontario to diversify its air service offering and generate new demand for air travel. Together, these factors **translate into significant economic gains, valued at more than \$2.6 billion per year within five years of operations.**

Recent studies have shown that Southern Ontario's airport system will reach its maximum capacity in the mid to late 2030s. If no major investment is made to increase airport capacity, Southern Ontario risks losing global air connectivity as airlines relocate some of their traffic to other less congested hubs. As demand for air travel exceeds capacity, travellers will face crowded facilities, delays and have more difficulty finding seats. As seats become scarce, airlines may also increase airfares. **When the capacity gap reaches 15 million passengers in the early 2040s, travellers could sustain economic losses of up to \$2.6 billion.** These losses represent the impact of higher fares and seat shortages for travellers. As the capacity gap widens over time, so will these economic losses. These impacts justify the need for a secondary airport to serve as a reliever airport to Pearson.

Existing airports such as Billy Bishop, Hamilton and Waterloo are unlikely to be able to fully accommodate the excess demand for air travel given their limited potential for expansion, policy restrictions or location away from downtown Toronto. The combination of available lands, transportation access, and location close to growing markets, make the Pickering Lands the ideal location for the development of a secondary greenfield airport.

A review of different governance models suggests that operations by a private entity would best benefit the region. The benefits stem mainly from access to share capital, increased flexibility in investment prioritization, and efficient management. These factors combined can lead to lower airport fees, thereby increasing its attractiveness relative to other locations.

Various studies suggest that there will be an immediate demand for the Pickering airport once it is operational. This is due to impacts of congested air traffic operations on service quality and the need for Pearson to abandon some short-haul flights in the near future. New and enhanced facilities at Pickering airport could also attract general



and business aviation as well as courier/cargo services. Competitive airport fees could also attract new passenger services and potentially generate additional traffic to the Region.

The Pickering Lands are an ideal location for firms and organizations relying on effective and efficient transportation modes such as airports. Innovative sectors that could benefit from locating near the airport include the aerospace industry, agri-business, and logistics and freight forwarding.

Typical greenfield airport developments require 10 to 15 year lead times. If approval were to be given at the time this report was prepared (April 2018), the airport would be operational between 2028 and 2032. Delaying the federal announcement presents growing challenges. Adjacent projects such as the new Seaton residential community are continuing to be developed, with growing concern and opposition to the proposed airport due to its close proximity. An early announcement of the airport development could help mitigate future local resistance.

These factors point to the need to initiate development of the Pickering airport now. The airport will not only service the demands of air travel, but will also enhance and support the evolution of the GGH as one of the fastest growing regions in North America. Failure to do so in the near term will amount to a de facto choice in favour of the status quo with all the economic costs and foregone economic development opportunities that scenario entails.

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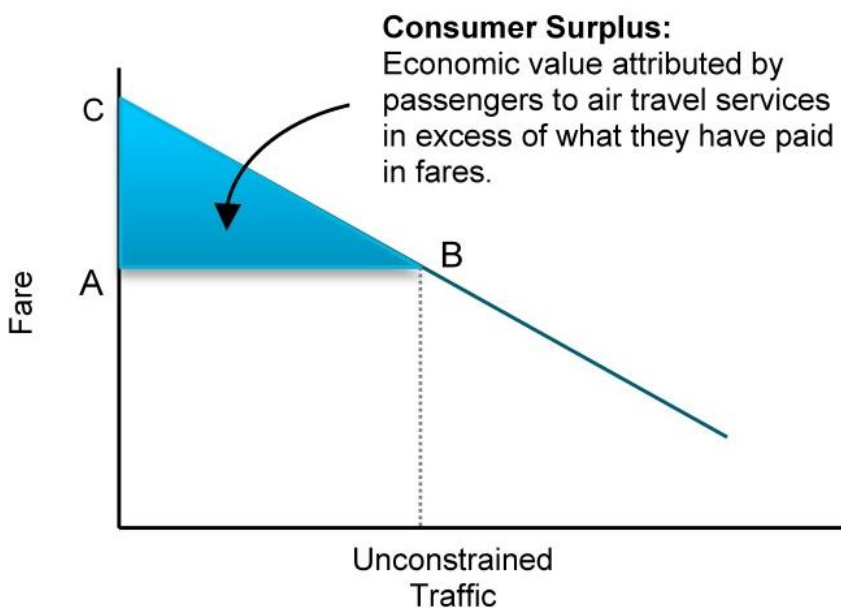
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Appendix A. Approach to Estimating Consumer Welfare Loss

The concept of welfare is an economic measure of the overall well-being of a community. The consumer welfare loss discussed in this report is derived in three steps.

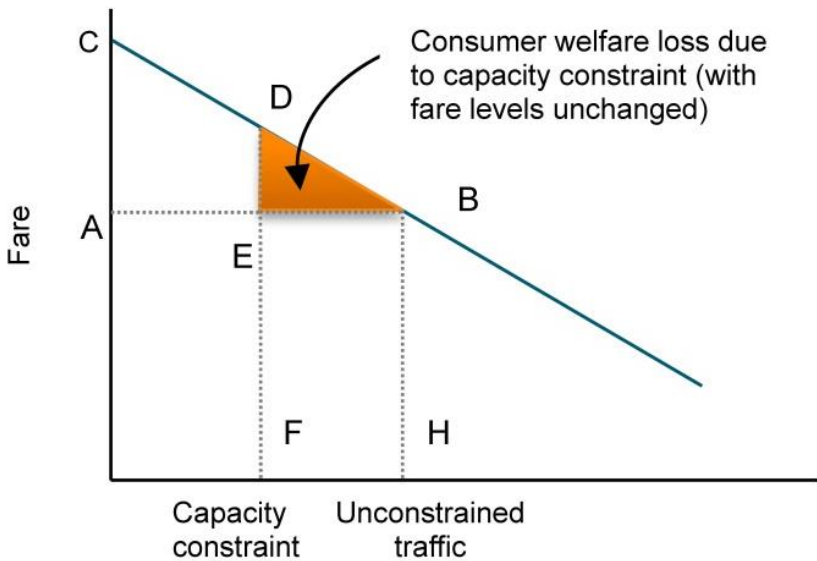
First, assuming the Southern Ontario airport system can accommodate all demand for air travel; passengers (or consumers) realize welfare gains, in the form of a consumer surplus, illustrated by the shaded area in the top chart. This welfare gain takes the form of the value that travellers attach to air travel (i.e., their willingness to pay) less the fare they actually pay (triangle ABC). In other words, under unconstrained conditions, travellers pay less than the maximum they would be willing to pay and everyone gets a seat.



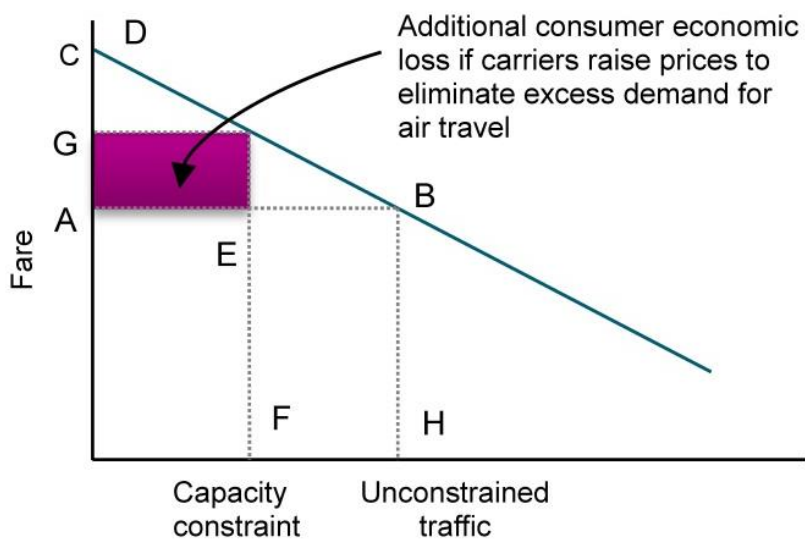
Second, when demand for air travel exceeds capacity, some travellers will not be able to fly and will incur welfare losses as a result. The loss is represented by the shaded triangle in the second chart. In theory, assuming an unconstrained demand of 105 million (H), a capacity constraint of 90 million (F), and an average fare of \$230³ (A), the welfare loss in that year could reach \$200 million. In practice, passengers may not


3. Statistics Canada. Table 401-0041- Domestic and international average airfares for all fare groups, annual (dollars), CANSIM.

suffer the full loss if they are able to make other arrangements which are similar in cost and service quality, such as using another mode of travel for a short-haul flight.



Third, as demand exceeds capacity, airlines are likely to increase fares, especially on direct flights to and from the congested airports. Passengers who were able to secure a seat are now worse off by an additional \$2.4 billion per year. This represents a transfer from passengers to air carriers and hence, a loss to consumers and air travellers in the event that higher fares are used to ration air travel. Given the prevalence of yield pricing in the airline industry, this is a plausible scenario (barring economic regulation of airfares).





The magnitude of the welfare loss for passengers also depends on the sensitivity of air travel demand to changes in fares. The central estimate of the air travel demand elasticity with respect to airfares is -1.4, suggesting that demand is elastic. In this case, a relatively small increase is required to price off the excess demand for air travel. If air travel demand is inelastic (i.e., -0.8 for the lower elasticity scenario), the fare increase required is much larger and so are the economic losses borne by passengers and the region overall. In the high elasticity case (-2.3), only a modest fare increase is required and hence, the associated economic losses are more modest.

Table 2 summarizes the results of the calculations using the different elasticity measures identified in the literature. The first two rows indicate the assumptions retained for the analysis with regard to demand for air travel, i.e. a regional airport capacity of 90 million and a demand of 105 million in the early 2040s, leading to a capacity gap of 15 million passengers. The next row shows the initial airfare. The analysis is based on the 2017 average airfare for Canada. This information combined with the elasticity measures are used to estimate the demand curve for air travel in the GGH. The demand curve then allows us to determine the average fare that people are willing to pay to travel, which corresponds to the higher airfares presented in the table. These baseline assumptions allow us to derive the economic loss for those who cannot travel due to capacity constraints as well as the additional economic losses for passengers if airlines raise their prices, using the method described above. The total consumer welfare loss for that year varies between \$1.6 and \$4.8 billion, depending on the elasticity assumption retained. The central elasticity estimate, the most likely scenario, results in economic losses of \$2.6 billion.

The consumer welfare loss represents only a portion of the change in economic welfare for the region. Under a constrained supply scenario, the total change in economic welfare is the sum of the change in consumer surplus and the change in producer surplus. In this case, the producer surplus can be thought of as the profit margin for air carriers. This study did not attempt to estimate the producer surplus due to the lack of available information, especially with regard to the elasticity of supply with respect to price. Moreover, it is important to note that the additional consumer welfare loss resulting from the increase in airfares is a transfer to air carriers. Hence, this transfer is largely one from air passengers within the GGH (i.e., excluding transfer passengers) to air carrier shareholders and stakeholders, most of whom are outside the GGH.

Table 2: Potential Economic Losses under the Status Quo

Elasticity	-0.8	-1.4	-2.3
GGH Maximum Airport Capacity (F)	90	90	90
Unconstrained Demand (C)	105	105	105
Initial Airfare (\$) (A)	230	230	230
Higher Airfare (\$) (G)	279	257	246
Consumer Economic Loss under Capacity Constraint (M\$)	370	200	120
Additional Consumer Economic Loss if Airlines Increase Fares (M\$)	4,400	2,400	1,450
Total Consumer Economic Loss (M\$)	4,770	2,600	1,570

Sources: AECOM analysis based on InterVISTAS Consulting Services. 2007 and Statistics Canada. Table 401-0041- Domestic and international average airfares, by fare type group, annual (dollars), CANSIM.



Imagine it. Delivered.

Attachment 3



CAPACITY WHERE IT COUNTS

The GTA East Airport at Pickering

April 30, 2018

Joe Berridge

Partner, Urban Strategies Inc.

**URBAN
STRATEGIES
INC .**

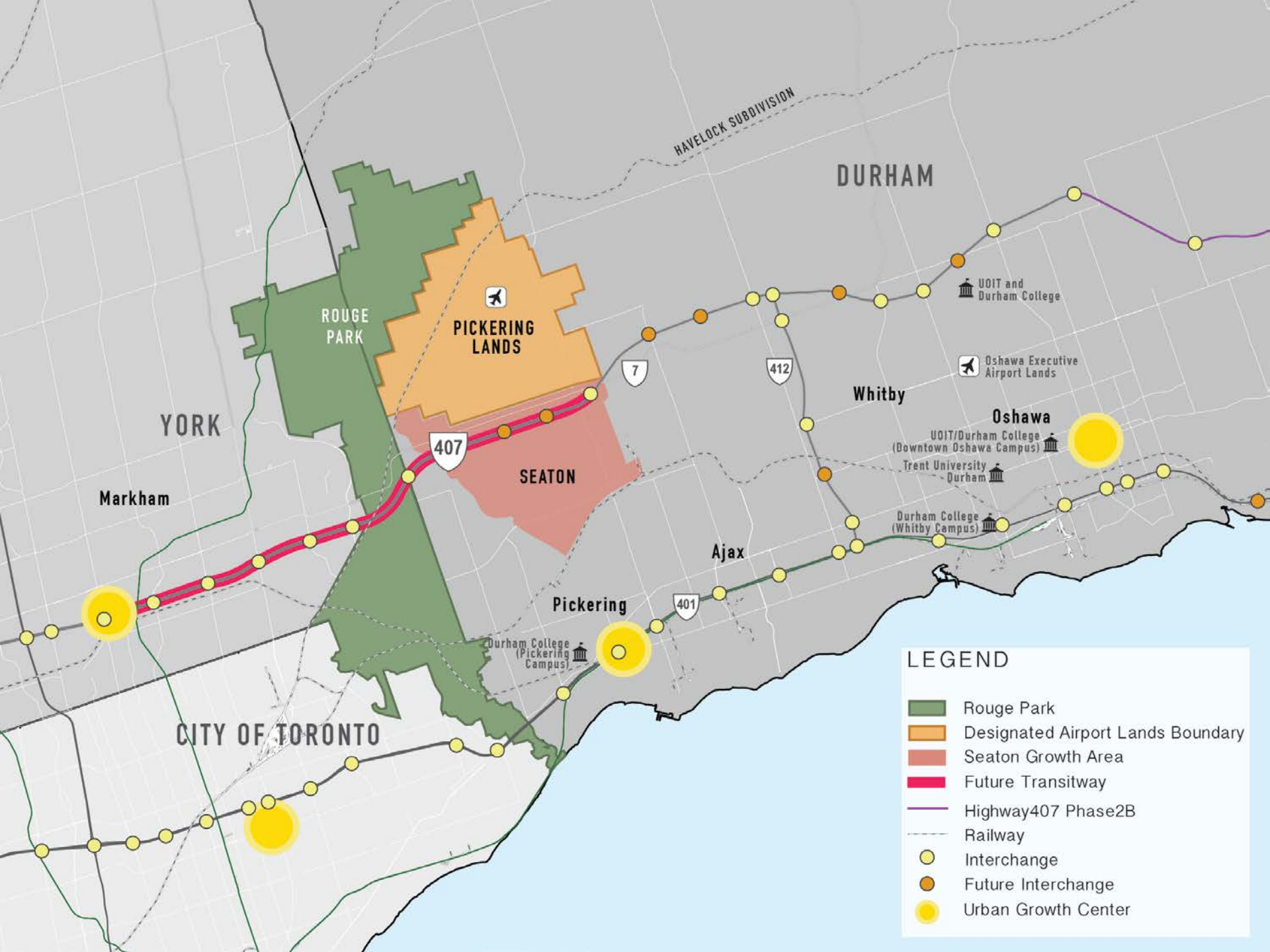
The Pickering Lands



It is inconceivable that a large parcel of land comparable in size to the Pickering Lands could be amassed again in the future... The site offers a unique, one-time opportunity to meet the long-term aviation needs of the Greater Golden Horseshoe. The existence of a site such as the Pickering Lands for the future development of a reliever airport is the envy of many other major metropolitan areas.

- Greater Toronto Airports Authority, 2010 Needs Assessment Study, Pickering Lands.





LEGEND

- Rouge Park
- Designated Airport Lands Boundary
- Seaton Growth Area
- Future Transitway
- Highway 407 Phase 2B
- Railway
- Interchange
- Future Interchange
- Urban Growth Center

Growing Pains in the GTA

Surging Population



Growing Pains in the GTA

Surging Population



Source: Tom McCormack, Metro Economics

Growing Pains in the GTA

Soaring air travel demand



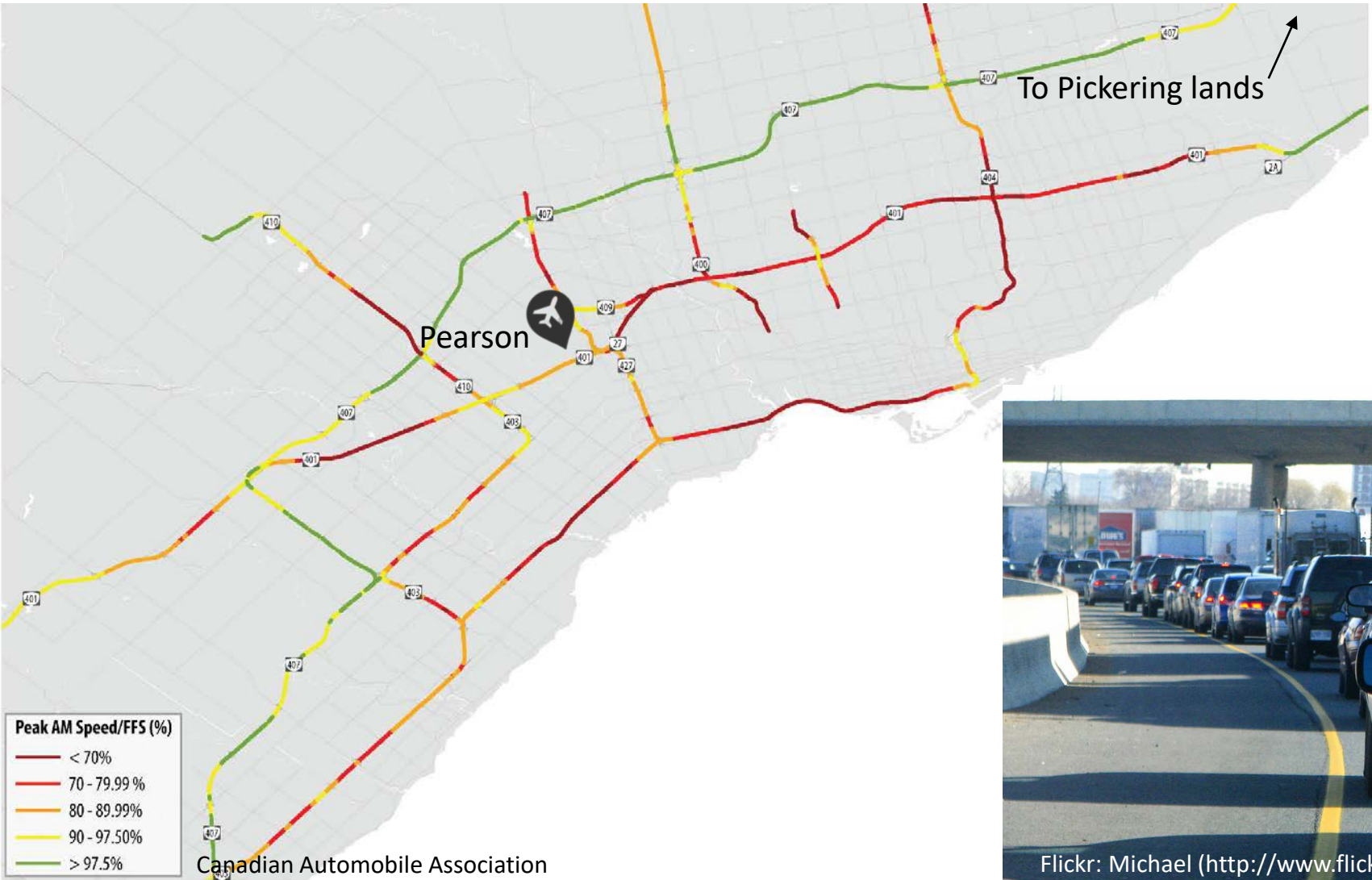
TABLE 2. Passenger growth of Pearson and its peer airports

Airport	Passenger Growth Rate %, 2016
Pearson	8.04
Los Angeles	7.96
Dubai	7.23
Beijing Capital	4.95
John F. Kennedy	3.44
Hong Kong	2.97
Chicago O'Hare	1.79
Heathrow	0.97
Charles de Gaulle	0.25
Frankfurt	-0.4

SOURCE: The Port Authority of NY & NJ. "Airport Traffic Report", 2016, <https://www.panynj.gov/airports/pdf-traffic/ATR2016.pdf>.

Growing Pains in the GTA

Road Congestion



Flickr: Michael (<http://www.flickr.com/msvg/>)

The GTA needs an airport system



The existing GTA airport system



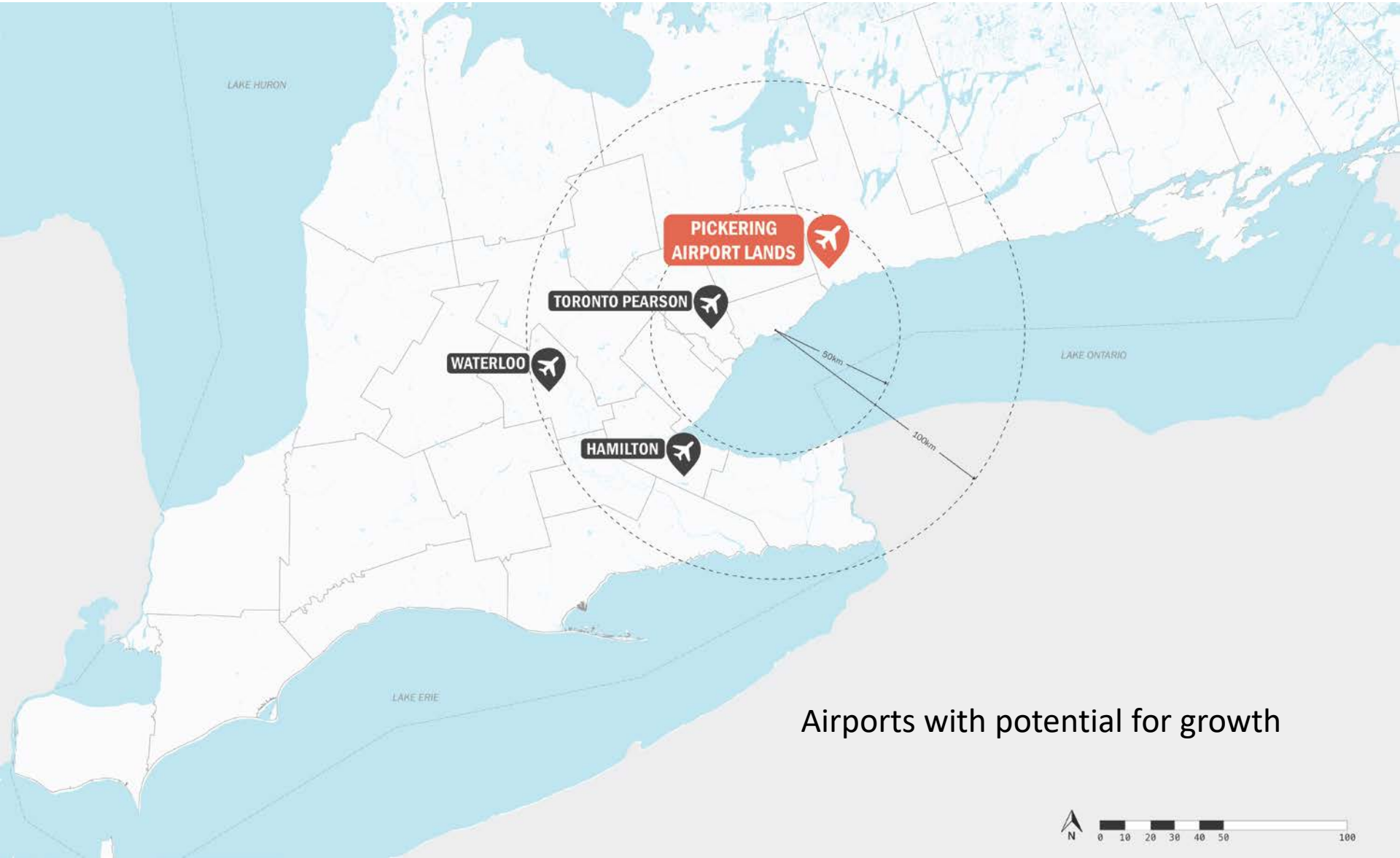
All SOAN airports and Pickering Lands

The existing GTA airport system



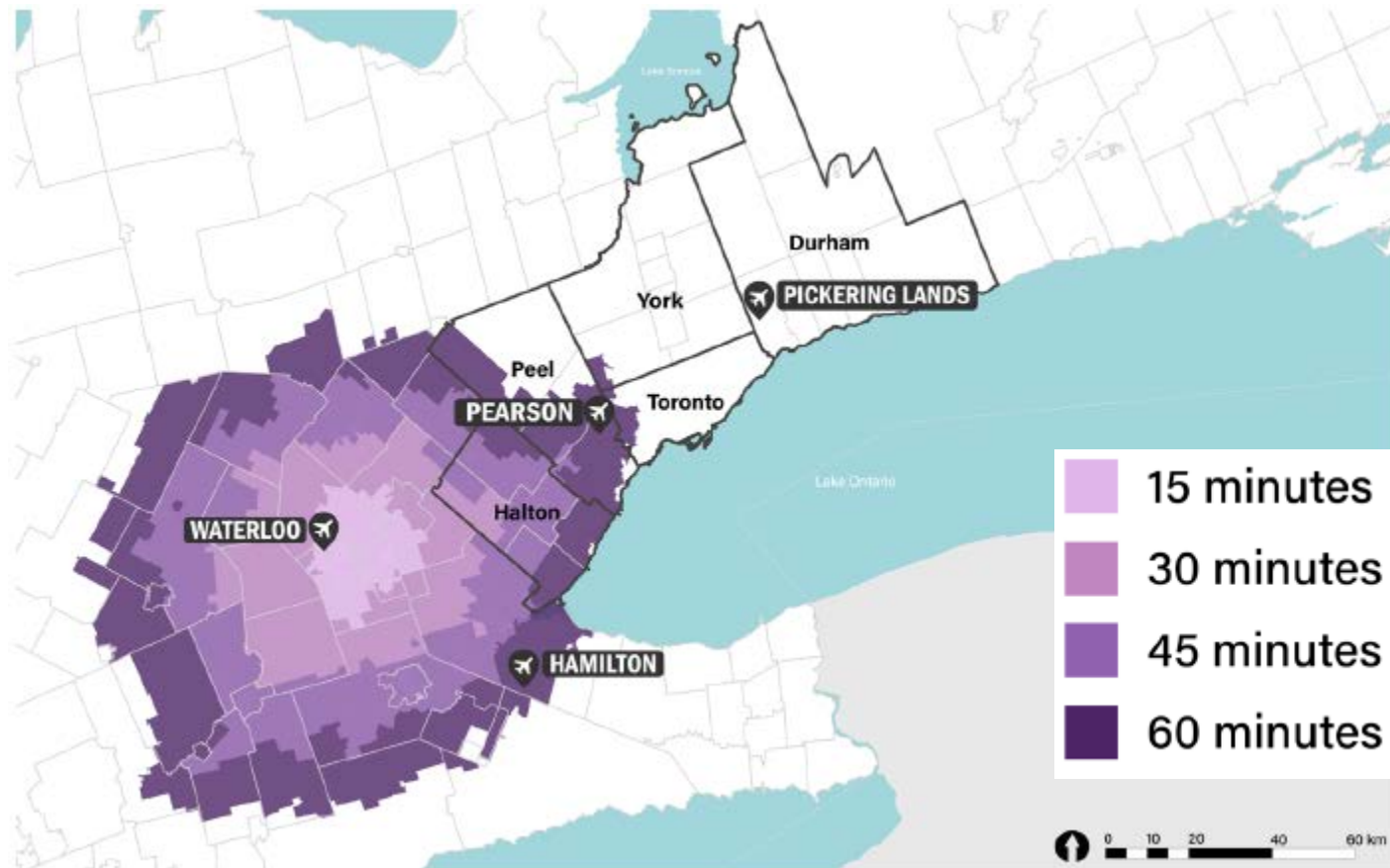
Airports within range of GTA catchment

The existing GTA airport system



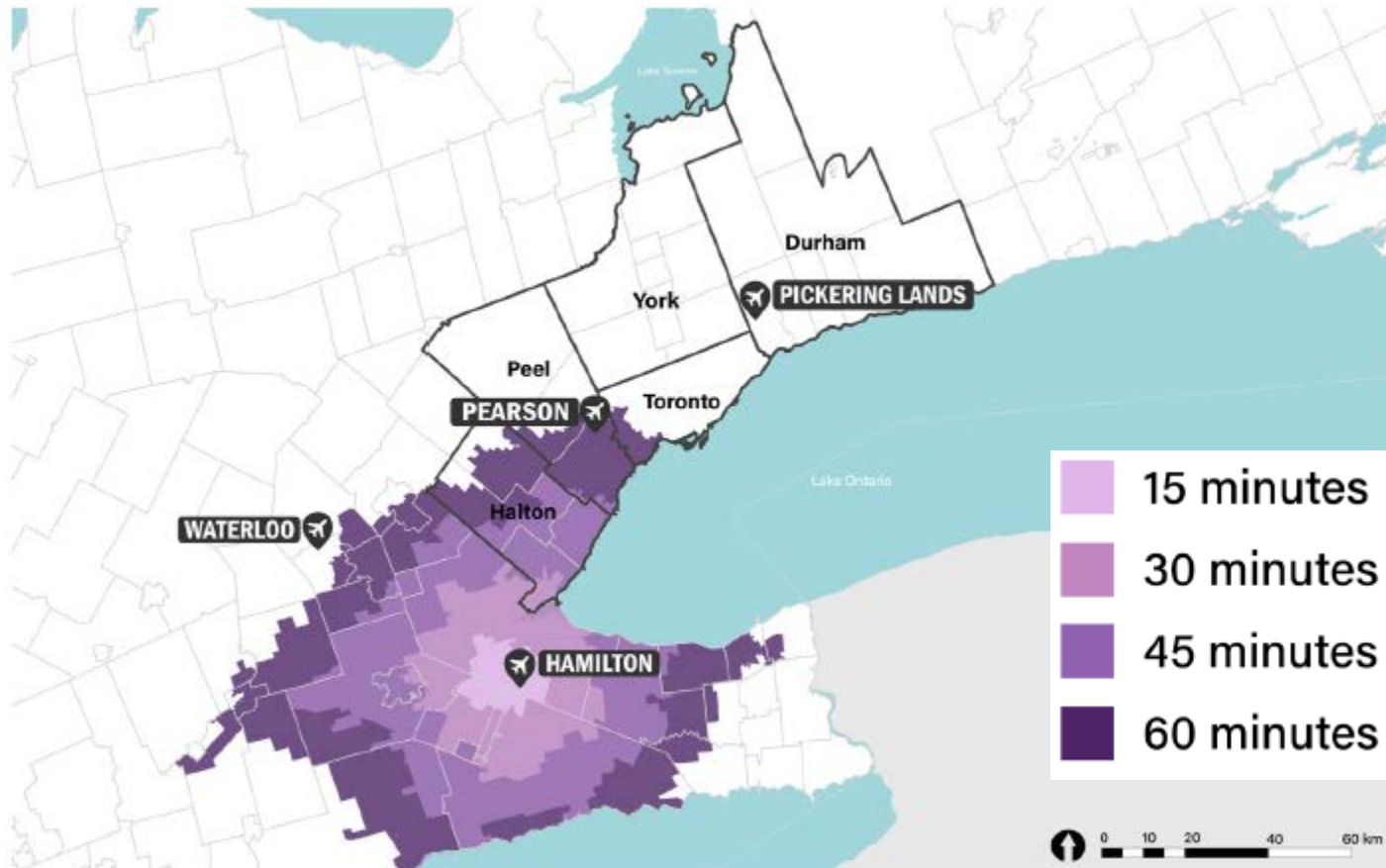
Airports with potential for growth

The GTA needs air capacity in the right places



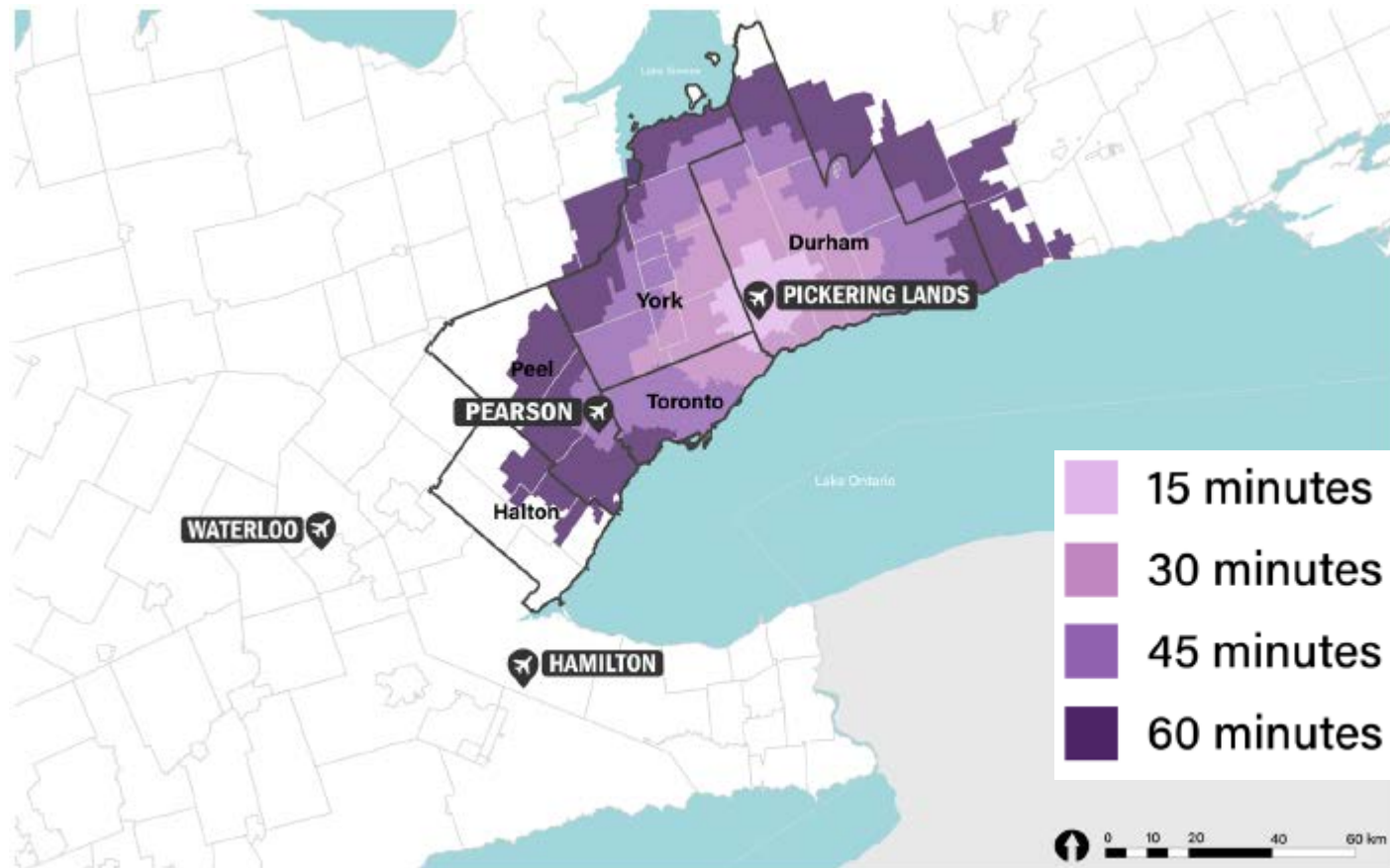
One hour drive times based on GIS road network analysis

The GTA needs air capacity in the right places



One hour drive times based on GIS road network analysis

The GTA needs air capacity in the right places



One hour drive times based on GIS road network analysis

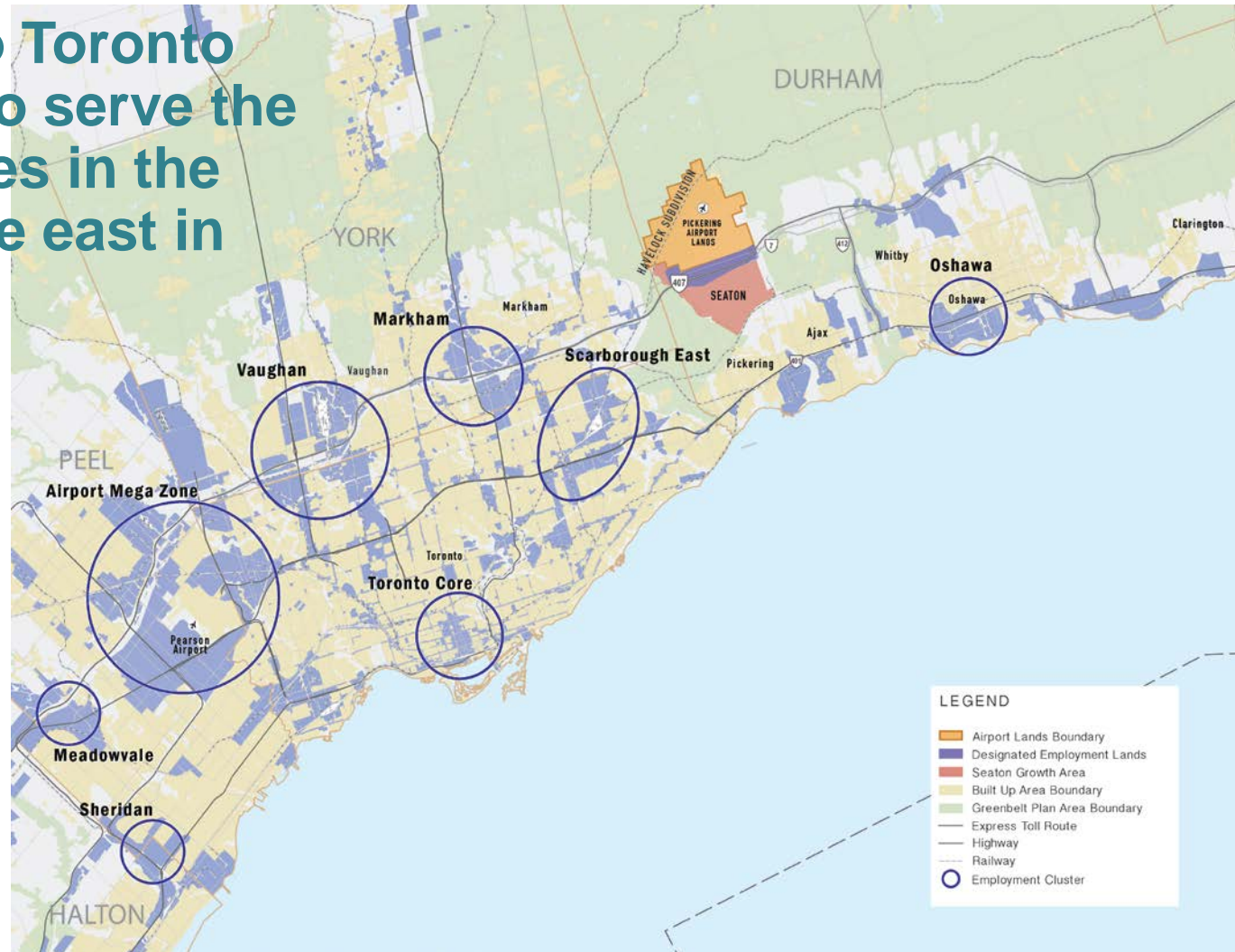
What kind of airport does the GTA need?

Three key criteria:

1. Proximity to the east GTA catchment area
2. Ability to accommodate at least one 3,000 metre runway
3. Sufficient land for expanded airport or employment uses

Why Pickering?

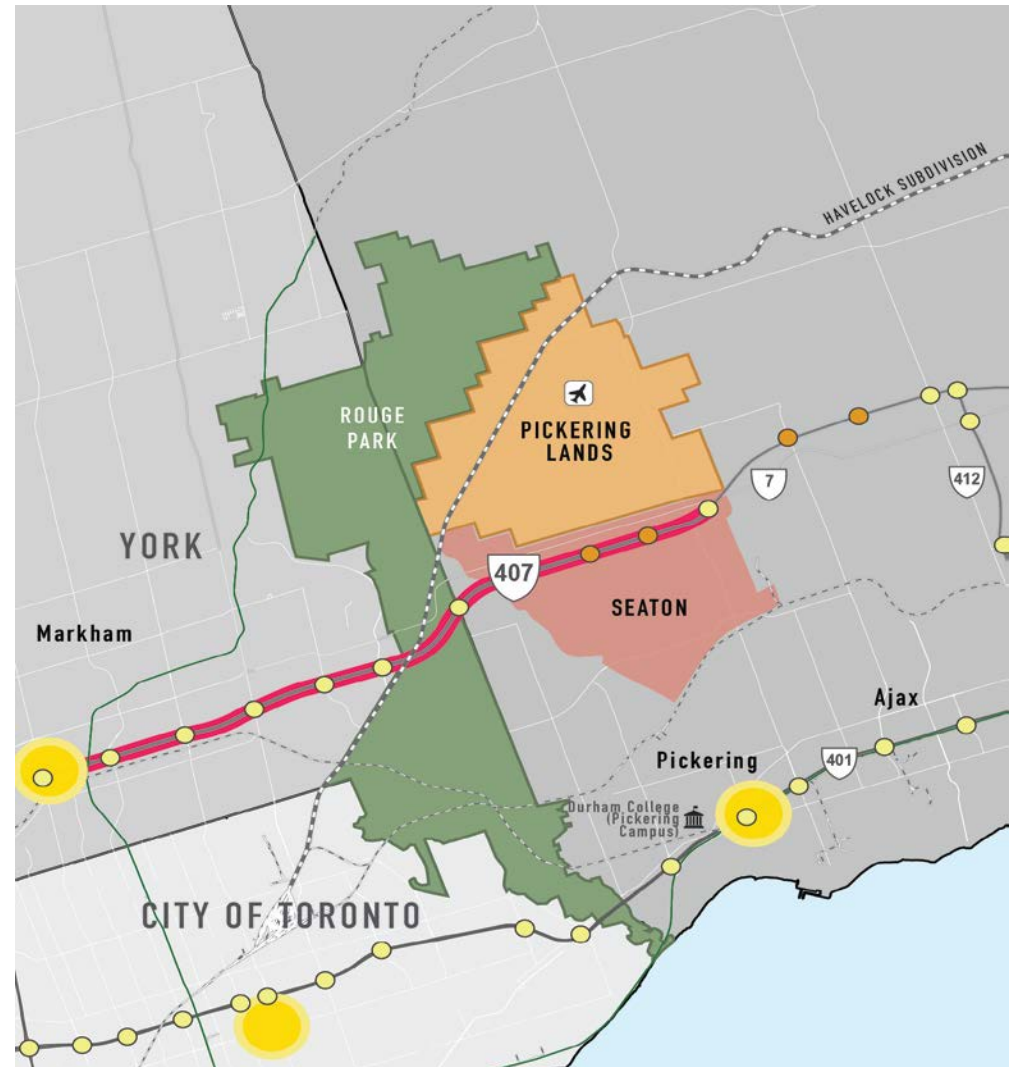
Proximity to Toronto and ability to serve the major centres in the GTA, and the east in particular



Why Pickering?

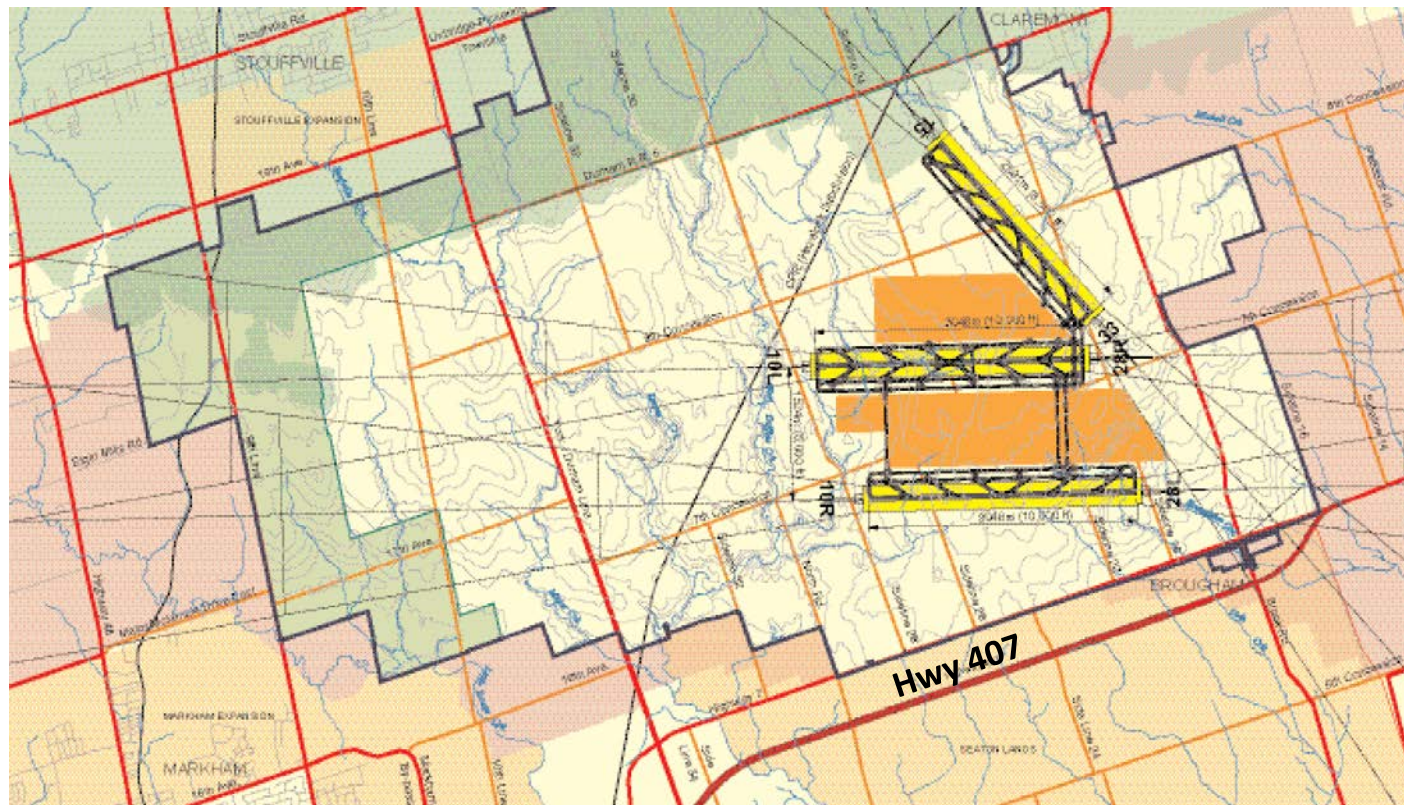
Excellent connectivity

- Highway 407
- Plans for LRT or BRT as part of the planned 407 Transitway
- The CPR Havelock Subdivision rail corridor



Why Pickering?

Space for versatile 3,000m runways



Pickering Airport Draft Plan Report, 2004

Why Pickering?

Space for a major employment cluster



Why Pickering?

A strategic site for valuable goods movement



Why Pickering?

A site where we can realize a vision for a contemporary, sustainable airport



Pearson Airport's honeybee apiary

(GTAA Partners in Project Green)

Why Pickering?

A site where we can realize a vision for a contemporary, sustainable airport



The Living Wall at
Edmonton International
Airport

(Plant Connection, Inc.)

Why Pickering?

A site where we can realize a vision for a contemporary, sustainable airport



The T5 Farm at John F. Kennedy International Airport

(JetBlue Airways)

Why Pickering?

A site where we can realize a vision for a contemporary, sustainable airport



The Heathrow Airport T5 transport pod system

(Golf Hotel Whiskey)

The GTA East Airport's potential role in the regional airport system

- Regional flights



The GTA East Airport's potential role in the regional airport system

- Charter flights



The GTA East Airport's potential role in the regional airport system

- Executive travel



The GTA East Airport's potential role in the regional airport system

- Cargo



The GTA East Airport's potential role in the regional airport system

- Maintenance, repair and overhaul (MRO)



The GTA East Airport's potential role in the regional airport system

- The East GTA Airport would grow and evolve over time
- The key is to get started, using versatile runway infrastructure



Next steps for the GTA East Airport

Three critical next steps:

1. The federal government should **make a formal commitment** to proceed with a new GTA East Airport at Pickering
2. An initial **development concept plan and a sustainable management plan** should be developed and refined through a comprehensive stakeholder engagement process
3. The federal government should **issue a request for expressions of interest (REI)** to the airport construction, operation and management industry to determine the level of interest in the Pickering Lands

REGIONAL MUNICIPALITY OF DURHAM

Pickering

Airport Study

Why Invest in Pickering?

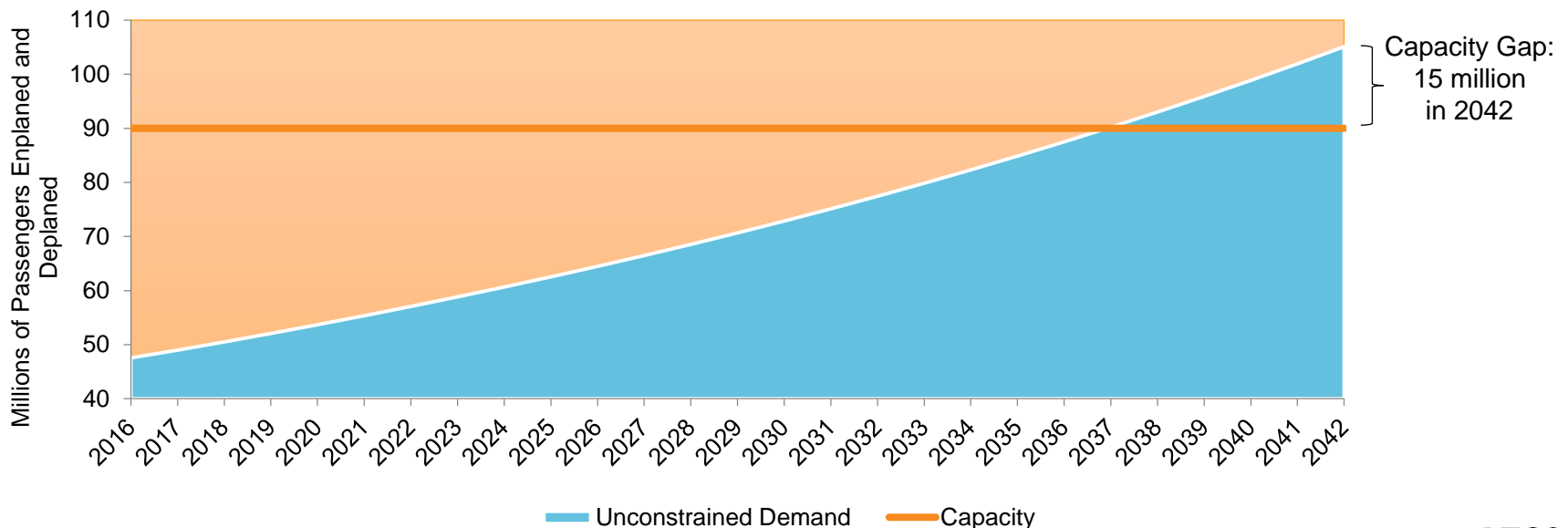


Our Collective Challenges

- Southern Ontario's airport network facing capacity shortfall by early 2040s
- Two courses of action :
 1. Maintaining the status quo
 2. Developing an integrated, multi-airport system
- Study articulates the **strategic rationale** for proceeding with a **Pickering airport investment** as a secondary airport for Southern Ontario and **highlights the urgency of taking action**

Looming Airport Capacity Constraints

- Demand for air travel has grown rapidly (6.6% p.a. between 2010 and 2016 from 32.4 to 47.6 million passengers: with Pearson handling over 93% of the traffic)
- Annual demand expected to exceed 100 million passengers in early 2040s
- But the airport system is only set to handle about 90 million passengers per year at that time, resulting in a 15 million passengers shortfall by 2042



Influencing Factors (Capacity Constraints and Timing)

- ▶ Peak period congestion
- ▶ Short-haul flights shifted out of Pearson
- ▶ Growing incidence of climate change

- ▶ U.S. border airports
- ▶ Technological advances
- ▶ Future alternative surface transit systems

Options Considered

STATUS QUO

- No major investment in airport capacity
- Excess demand suppressed or redistributed
- Airport system suffers losses in air traffic demand and global air connectivity
- Local businesses suffer losses in competitiveness
- Travellers face seat scarcity, crowded facilities, delays and higher fares

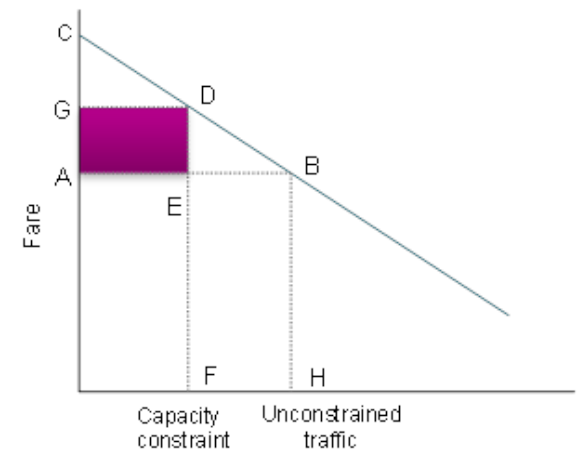
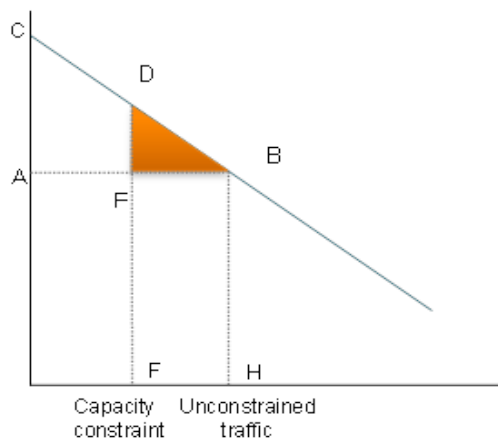
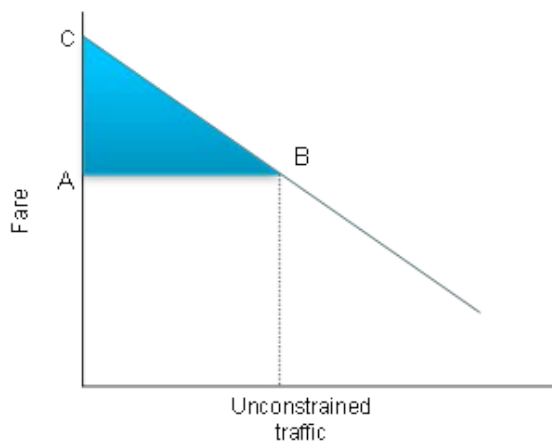
INTEGRATED, MULTI-AIRPORT SYSTEM

- Pearson remains the primary airport
- Secondary airport emerges to provide additional capacity
- Improved service quality, frequency and lower fares improve the competitiveness of local businesses in the region
- Pickering presents clear advantages as a potential secondary airport by virtue of its size and location

Status Quo Could Cost \$2.6B Annually

Under the status quo, Southern Ontario could face economic losses as early as 2037. By 2042, annual losses to reach \$2.6 billion.

1. Under unconstrained conditions, most travellers value their flights in excess of what they pay for them (**consumer surplus**).
2. Demand exceeds capacity by 15 million pax in 2042, leading to losses of \$200 million.
3. Excess demand provides airlines with opportunity to raise airfares. Remaining 90 million travellers now worse off by \$2.4 billion.



Status Quo Could Cost \$2.6B Annually

- Additional adverse economic impacts:
 - Loss in competitiveness for local business
 - Increased airport congestion (airside and landside)
 - Higher incidence of travel delays
 - Reduced ability to recover from weather events
 - Diversion of valuable air travel activity to other airports/hubs
 - Airlines likely to drop connection-heavy routes compromising Pearson's hub status



The Opportunity

- Existing airports cannot serve as a secondary airport
- Pickering Lands offer clear advantages
 - Facilities to accommodate 10+ million passengers
 - Proximity to market
 - Groundside access and connectivity to downtown Toronto and Pearson
 - Opportunity to build innovative and sustainable facilities
 - Limited aircraft noise impacts and curfew
- Number of alternative governance and business models could be considered

The Opportunity

- Pickering airport expected to accommodate excess traffic from Pearson
- Potential for innovative and enhanced facilities to stimulate new demand for aviation services such as:
 - New entrant carriers
 - General aviation services
 - Cargo and courier services
 - Spokes to other airline hubs
- Attraction of new traffic segments depends on :
 1. “Push factor” of Pearson traffic which cannot be accommodated due to capacity limitations
 2. “Pull factor” of traffic segments where Pickering might have a competitive advantage



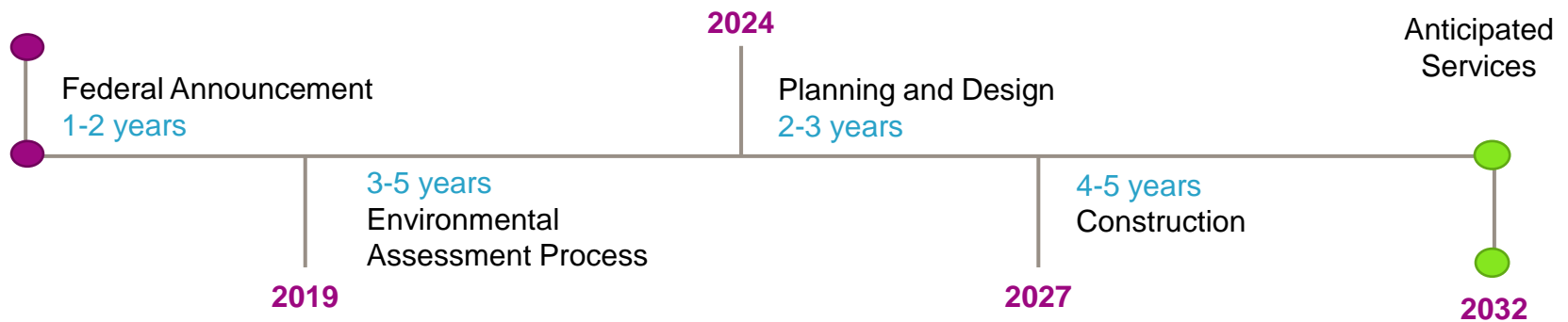


Pickering Employment and Innovation Hub

- Pickering Lands desirable location for an employment hub due to:
 - Access to low commercial and industrial land costs and lease rates
 - Extensive transportation infrastructure
 - Presence of post-secondary educational institutions
- Sectors that would benefit from the airport include:
 - Aeronautic clusters and training facilities
 - Logistics and freight forwarding
 - Agribusiness activity

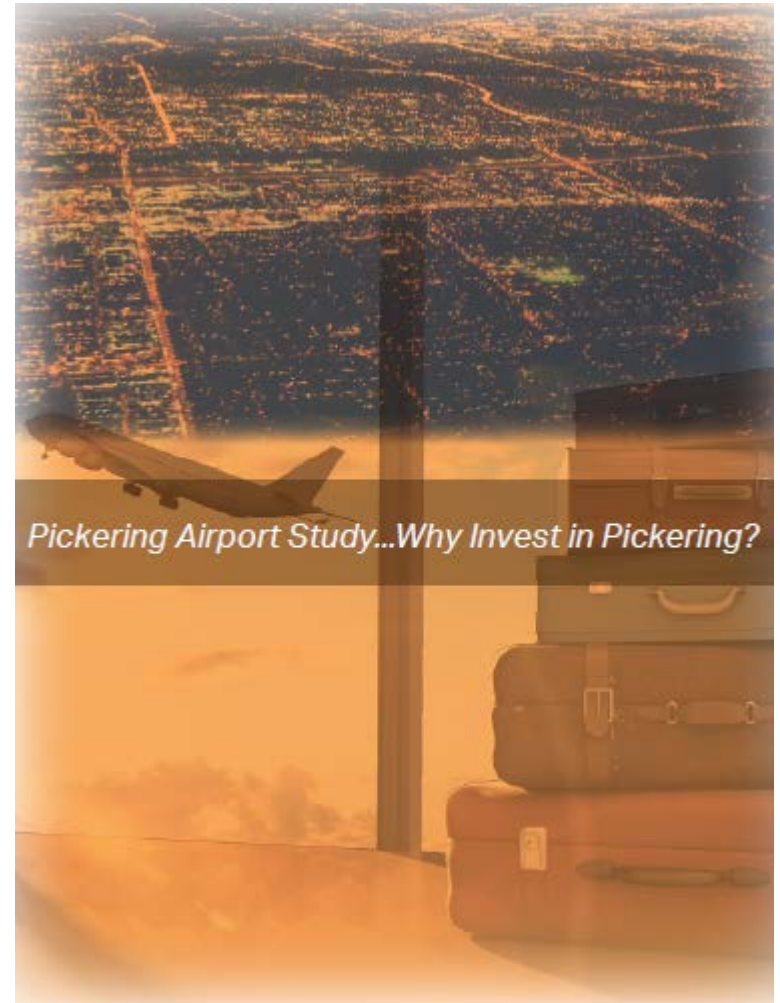
Airport Development Timelines

- Failure to undertake the development of the Pickering airport amounts to a de facto acceptance of the status quo
- A planning and construction period of 15 years indicates 2032 as the earliest for start of service, but likely could well be much later based on experience for the Western Sydney airport
- Losses expected to increase year over year as demand rises over and above regional airport capacity (+3% per year)
- Early planning can also help mitigate noise impacts on communities



Conclusion and Next Steps

- Clear need for a secondary airport within the current planning horizon
- Time to initiate development at Pickering Airport is now
- Under the status quo, the capacity shortages could result in economic losses exceeding \$2.6 billion per year by the early-2040s.
- Pickering airport would not only service the demands of air travel, but will also enhance and support the growth of the Greater Golden Horseshoe as it advances as one of the leading mega regions in North America.
- While the need to relieve excess commercial passenger aircraft at Pearson is a primary concern, Pickering airport could also attract new aviation services, such as low-cost or ultra-low-cost-carriers, to Southern Ontario and potentially generate additional air traffic for the GGH.





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The Regional Municipality of Durham Information Report

From: Acting Commissioner of Finance
Report: #2018-INFO-92
Date: June 1, 2018

Subject:

The Consolidated Budget Status Report to April 30, 2018 and Full Year Forecast

Recommendation:

Receive for information

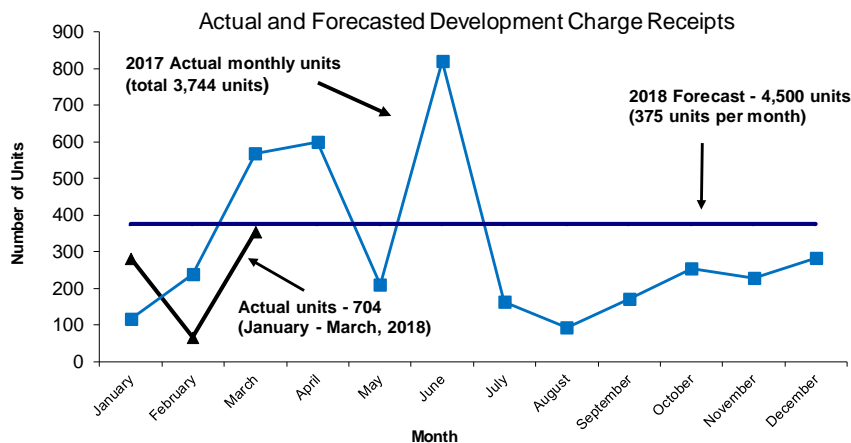
Report:

1. Purpose

1.1 The following summary on the status of the 2018 Consolidated Budget and Full Year Forecast for the General Tax, Durham Region Transit (DRT), Water Supply, and Sanitary Sewer Operations is based upon information supplied by the Regional Departments, a review of the financial statements to April 30, 2018 and preliminary information forecast to the end of the year.

2. Development Charges Receipts Status

2.1 The development charges receipts for 2018 (for January to March) total 704 units which equates to 16 per cent of the total 2018 forecast of 4,500 units. Staff will continue to monitor the status of receipts against the 2018 forecast of 4,500 units.



3. Budget Status Summary - General Tax Operations

- 3.1 A surplus position is forecast for the General Tax Operations and a breakeven position for Durham Region Transit for 2018, as indicated in the following table.

	<u>Surplus/(Deficit)</u>
	\$
General Tax Operations	
Social Services Department:	
Long-Term Care & Services for Seniors	(325,000)
Family Services	100,000
Income and Employment Support	950,000
Housing Services	<u>100,000</u>
Total Social Services Department	<u>825,000</u>
Health Department:	
Public Health Programs	900,000
Region of Durham Paramedic Services	<u>(350,000)</u>
Total Health Department	<u>550,000</u>
Works Department:	
Solid Waste Management	(1,500,000)
Planning and Economic Development Department	200,000
Corporate Services	250,000
Finance Department	250,000
Provincial Download	<u>(250,000)</u>
General Tax Operations	<u>325,000</u>
Durham Region Transit	<u>Break even</u>
Overall Property Tax Surplus	<u>325,000</u>

4. General Tax Operations

4.1 Social Services Department

- The Long-Term Care and Services for Seniors Division advises that as of the end of April, overall revenues and expenditures are in a deficit position of approximately \$325,000. Factors contributing to this position are:
 - The per diem revenue for 2018 is expected to show a net positive variance of \$360,000, with an additional surplus of \$90,000 expected in the preferred

accommodation revenue, resulting in a total revenue surplus of \$450,000 across all four homes.

- Utility costs are expected to be lower than budget due to efficiency measures and rebates, resulting in a surplus position of approximately \$75,000 across all four homes.
- However, the Homes are projecting increased costs for part-time and temporary staffing, including the entitlement under Bill 148, the Fair Workplaces, Better Jobs Act, for paid personal emergency leave days, and overtime to ensure service levels are maintained when coverage is required due to staff training, illness or injury. The increased staffing costs are anticipated to result in a deficit of approximately \$850,000.
- The Long Term Care and Services for Seniors Division will be reviewing all discretionary expenditures to identify savings to offset a portion of the deficit for the balance of the year.
- The Family Services Division reports that due to continuing staff vacancies in the Core Community Services program savings of approximately \$100,000 are anticipated for the year.
- In the Income and Employment Support Division, an overall surplus of \$950,000 is projected for the year based on the following items:
 - Though the Provincial upload of the eligible municipal share of costs for Ontario Works Financial Assistance has been completed effective January 2018, the cap on the maximum cost shareable amount of discretionary benefits remains. Based on the expenditures to date and anticipated caseloads, a deficit of approximately \$250,000 in the discretionary program is currently projected for the year. Caseloads and costs will continue to be monitored closely over the remainder of the year.
 - The Ontario Works (OW) Program Delivery budget is projected to have a net surplus for the year. While client-related expenditures in the OW Employment Support accounts are trending above budget, there are personnel savings in the Administration section of the program that more than offset this over expenditure, with an expected net savings of \$1,200,000 forecast for the year.
 - The province has indicated the 2018 subsidy for the OW administration may be above the budget estimate; however, the extent of the excess will not be known until the Province confirms the subsidy.
 - Overall, a net surplus position of \$950,000 is forecast for the Income and Employment Support Division for the year.
- The Children's Services Division is reporting an overall break-even position for the year. On May 8th, the Provincial government released details of additional

funding from the Ministry of Education in the amount of \$ 5.1 million for Fee Stabilization, Child Care Expansion Plan as well as two new funding streams – Operating Funding for Expansion Plan Capital Spaces and Base Funding for Licensed Home Child Care (LHCC). The allocation of this funding is the subject of a report to the Committee of the Whole in June. It is not anticipated that Regional costs will change as a result of the increase in provincial funding.

- The Housing Services Division reports that there are savings due to staff vacancies, with a projected surplus of \$100,000 for the year.
- Overall, a surplus of approximately \$825,000 is projected for the Social Services Department for the year.

4.2 Health Department

- The Health Department is reporting a surplus of approximately \$900,000 in the mandatory program budgets, primarily due to savings resulting from staff leaves and the time lag associated with hiring of replacement staff. Final approvals of the 2018 provincial subsidy amounts have been received and include additional base funding of \$793,100 and \$284,900 in one-time funding over the amounts included in the approved 2018 Budget. This additional funding is the subject of a report to the June Committee of the Whole meeting. At this time, no variance is reported related to the additional funding.
- The Region of Durham Paramedic Services division (RDPS) is projecting overages of approximately \$400,000 related to part-time and temporary staff costs and related personnel costs required for coverage of leaves, injuries and training.
- The 2018 provincial subsidies for RDPS have now been confirmed. While subsidy for the Designated Offload Nursing program was confirmed equal to budget, a surplus of \$50,000 over budget was confirmed for regular Land Ambulance Services.
- Overall, a deficit position of \$350,000 is forecast for RDPS at this time.

4.3 Works Department

- A break even position is forecast for the Roads and General Operations programs.

- The Works Department has indicated that year to date expenditures in the winter maintenance program are \$6,850,000 compared to the annual budget of \$10,015,000 or 68% of budgeted expenditures. While the expenditures are running slightly under expectations, the final status of the winter maintenance budget will be dependent upon storm events in the latter part of the year. At this time a break even position is anticipated.
- In the Solid Waste Management Operations, the extension of the garbage and blue box collection contracts as approved by Regional Council are expected to result in an over expenditure of about \$1 million for 2018. Savings from staff vacancies and other miscellaneous costs are expected to reduce this expenditure deficit by approximately \$200,000.
- As previously reported by the Works Department, the China National Sword Campaign is having a significant impact on the market prices for recyclable products. As the Region markets plastics, aluminum, steel and glass to North American markets, newsprint and mixed paper are the only commodities being impacted by China's National Sword Campaign at this time.
- Although difficult to predict, and given the present market conditions, it is highly unlikely that paper revenue will rebound in 2018 or if the significant price decreases will continue and potentially expand to other commodities. Consequently, a deficit of approximately \$700,000 is being forecast for blue box revenues at this time.
- Overall, a deficit position of \$1,500,000 is forecast for Solid Waste Management Operations for the year.

4.4 Planning and Economic Development Department

- The Planning division program revenues are trending higher than budget (\$50,000) and there are realized staff savings from vacancies in the Department (\$150,000). At this time a surplus of approximately \$200,000 is projected.
- A break even position is projected for the Economic Development and Tourism division for 2018 at this early point in the year.

4.5 Corporate Services Department

- The Information Technology division reports that due to the timing gap in filling staff vacancies savings on personnel costs of approximately \$100,000 are anticipated for the year. Similarly, staff vacancies in the Corporate Privacy Office and Records & Information Management sections of the Legislative Services division are expected to result in savings of \$150,000 in 2018.

- Based on a review of financial results to the end of April, Provincial Offences Administration has savings of about \$200,000. The surplus comes from savings in Administration due to reduced adjudication charges from the Ministry of the Attorney General. However, it is still too early in the year to project fine revenue; consequently, a break-even position is forecast at this time for Provincial Offences Administration.

4.6 Finance Department

- The Finance Department is projecting a surplus of approximately \$250,000 for the year at this point in time as a result of staff vacancies.

4.7 Police Services Board

- As of April 30, 2018, the Police Service is forecasting year end results to be close to budgeted levels. For the four months ending April 30th, net spending of \$64.47 million represents about 32 per cent of the annual operating budget of \$198.92 million. While there are salary savings from position vacancies, these are expected to be offset by higher benefits, including member retirement costs, and legal and consulting services.

4.8 Provincial Download Programs

- Payments to external social housing providers, a portion of the Provincial Download budget, are presently tracking under budget due to lower than anticipated Rent Geared to Income subsidies. Benchmarked operating costs, and property taxes are tracking to budget.
- The Durham Regional Local Housing Corporation (DRLHC) is projecting overages for the year, primarily from the costs of winter grounds maintenance and building maintenance and repair. These year to date operating costs are trending higher than budget and are close to the prior year actuals, which also resulted in a deficit.
- Overall, it is anticipated that the surplus in payments to external social housing providers and projected deficit in the DRLHC budget will result in a \$250,000 deficit position in the Provincial Download Program for 2018.

4.9 Other Initiatives

- A Primary Care Outreach Pilot project to provide primary care outreach services to priority populations with targeted implementation is the subject of a June report to Committee of the Whole, with an estimated upset limit of approximately \$220,000 for 2018.

5. Durham Region Transit

- 5.1 At this early stage in the year, a break even position is expected in 2018 for transit. At the same time, there are certain financial risks that will not be known until later in the year. For example, the current fuel price is resulting in a small savings, but prices can be volatile. In addition, weather events at the end of the year will impact route maintenance costs, which are already above levels predicted for the first four months of 2018.
- 5.2 Statistics available to the end of April indicate that overall conventional ridership is approximately one per cent, or approximately 35,000 riders, higher than the budgeted ridership expectations and almost two per cent or 65,000 higher than the same period in 2017.
- 5.3 Statistics available to April indicate that specialized services ridership is down approximately 1.5 per cent when compared to the same period in 2017, and is about three per cent lower than 2018 budget expectations.
- 5.4 Overall, a \$100,000 deficit position for conventional and specialized fare revenue is projected for 2018, based on ridership and revenues to the end of April.
- 5.5 The forecasted surplus for the Operations program is expected to be approximately \$25,000.
- The GO One-Fare-Anywhere program allows Durham Region Transit (DRT) riders who present valid DRT fare media to ride on GO Transit buses at no additional charge to the passenger. GO then bills DRT a flat rate of \$5.63 per passenger. The demand for this service to March is approximately fourteen per cent lower than budgeted expectations. As a result, a surplus of \$25,000 is projected at this time.
 - Route maintenance services, including snow and ice removal, are required in order to keep approximately 2,700 bus stops and over 500 shelters safe for DRT riders. The budget assumes approximately 75 per cent of expenditures are incurred in the early part of the year, with the remaining 25 percent in the November-December time frame. Currently, expenditures are close to 79 per cent of budget as weather conditions were unusually harsh well into April. Assuming route maintenance costs at the end of the year will be similar to that of prior year, a \$125,000 deficit position is possible. However, at this point in time, a break even position is forecast.
- 5.6 The Maintenance program is expected to be in a \$75,000 surplus position.
- To April, the volume of conventional fuel used is trending about 70,000 litres lower than budgeted expectations, leading to a surplus of \$75,000 compared to budget.

- Since fuel prices remain lower than expected through the first four months of the year, operating results are impacted by approximately \$50,000 in fuel price savings realized so far. However, the volatile nature of fuel prices witnessed recently remains a risk in 2018, and as a result, a break even position for fuel prices is conservatively projected at this time.
- To April, major repairs and bus part expenditures are about 22 per cent higher than the same period in 2017. The 2018 budget was increased by approximately 16 per cent to account for the anticipated increase in spending in this area. However, as it is early in 2018, DRT Maintenance staff will be actively reviewing opportunities to manage expenditures within the approved budget. As a result, a break even position for bus repairs and parts is forecasted at this time.

5.7 Overall, the Specialized Services program is expected to be in a break even financial position in 2018 when compared to the approved budget.

- Contracted taxi services continue to be used to supplement the specialized bus services. Approximately 37 per cent of all Specialized Service riders are supported by contracted taxis in 2018 to April. This level of support from taxi services is in line with 2017 levels for the same period.
- While ridership levels are slightly lower than the budget for 2018, it is too early in the year to forecast whether a surplus or deficit will be realized. As such, a break-even position is forecasted at this time for Specialized Services.

6. Water Supply and Sanitary Sewer Operations

6.1 Water Supply System

- The Works Department reports that while there are budget variances within various programs expenditures and revenues to this date in the year, these variances are currently offsetting. It is too early at this point in the year to project whether a budget variance will result and consequently a break even position for the Water Supply System is projected.
- To the end of April, water supply user revenues are tracking at budget and neither a surplus nor deficit is projected at this time.
- Overall, a break even position in the water supply system is anticipated at this time.

6.2 Sanitary Sewer System

- The Works Department projects that the current operational expenditures of the Sanitary Sewer System are anticipated to produce a surplus position of approximately \$600,000 by year end, largely as a result of continued improvements in energy efficiency measures in the plant operations.

- Similar to water supply, sewer user revenues are tracking at budget and neither a surplus or deficit is projected at this time.
- Overall a net surplus position of approximately \$600,000 is anticipated for the sanitary sewer system operations.

7. Summary

- 7.1 Based on the available information to the end of April, surplus positions are forecast for the General Tax Operations and the Sanitary Sewer Operations for the year. A break even position is forecast for Durham Region Transit and for the Water Supply System.
- 7.2 Regional staff will continue to monitor costs and provide budget status updates in the coming months.

Respectfully submitted,

Original Signed by M.E. Simpson

M.E. Simpson, CPA, CMA, MA
Acting Commissioner of Finance



The Regional Municipality of Durham Information Report

From: Commissioner of Planning and Economic Development
Report: #2018-INFO-93
Date: June 1, 2018

Subject:

Summary of Commissioner's Delegated Planning Approval Authority, and Summary of Planning Activity in First Quarter of 2018. File: 1.2.7.19

Recommendation:

Receive for information

Report:

1. Purpose

- 1.1 The Region's Commissioner of Planning and Economic Development has been delegated the authority to approve certain Area Municipal Official Plan amendments in all area municipalities, as well as subdivisions, condominiums, and part lot control exemption by-laws in the Townships of Brock, Scugog, and Uxbridge. The delegation By-law requires the Commissioner to report to Council quarterly concerning actions taken under this delegated authority.
- 1.2 The purpose of this report is to provide an overview of how this delegated authority was used in the first quarter of 2018 (January 1, 2018 - March 31, 2018), as well as to provide information on the type and volume of other planning-related activity over the quarter.

2. Commissioner's Approval of Area Municipal Plan Amendments

- 2.1 Prior to the adoption of an area municipal official plan amendment by a local Council, a draft is forwarded to the Region for review and a determination as to whether it affects a matter of Regional significance, including conformity with

Provincial Plans. If it is felt the draft amendment deals with matters of Regional significance, it is subject to approval by the Commissioner of Planning and Economic Development. If the area municipal official plan amendment does not trigger a matter of Regional significance, then the amendment's approval rest with the area municipality.

2.2 In the first quarter of 2018, the Planning Division received 7 official plan amendments from the area municipalities. No amendments were deemed to be of Regional significance, and no amendments were approved by the Commissioner of Planning and Economic Development in the first quarter under the authority of the delegation By-law.

3. **Commissioner's Approval of Subdivisions and Condominiums**

3.1 The Region is the approval authority for plans of subdivision and condominium in the three northern townships. In the first quarter of 2018, the Commissioner of Planning and Economic Development did not issue draft approval or grant final approval for any plan of subdivision or condominium application.

4. **Region's Review of Planning Applications**

4.1 Regional staff review planning applications from the area municipalities to ensure conformity with the Regional Official Plan (ROP), other Regional policies, and Provincial plans and policies. The Planning Division coordinates comments from other Regional Departments and provides a coordinated response to the area municipalities on the following planning matters:

- Area Municipal Official Plan amendment applications;
- Delegated plans of subdivision and condominium, and part-lot control exemption by-laws;
- Zoning By-law amendment applications;
- Select minor variance applications; and
- Comments are also provided to the Regional Land Division Committee on consent applications.

4.2 Attachment 1 provides a summary of Regional staff's review of planning applications across the Region.

5. Regional Council's Approval of Applications to Amend the Durham Region Official Plan

5.1 Regional Council is the approval authority for applications to amend the Durham Region Official Plan. In the first quarter of 2018, one new ROPA application was submitted:

- ROPA 2018-001, Youngfield Farms Limited, to permit the severance of a farm dwelling rendered surplus as a result of the consolidation of non-abutting farm parcels

In addition, the Region of Durham initiated ROPA 2018-002, to incorporate network changes recommended through the Transportation Master Plan into the Regional Official Plan.

5.2 As of March 31, 2018, there were a total of nine Regional Official Plan Amendment Applications under consideration, (refer to Attachment 2 which includes a chart and maps).

6. Appeals to the Ontario Municipal Board¹

6.1 The first quarter of 2018 also saw the following Ontario Municipal Board (OMB) activity:

- An OMB decision was issued for the Port Whitby Secondary Plan application OPA 2012-W/01 (OPA 104) on February 1, 2018.
- A pre-hearing date was scheduled on April 29, 2018 for Whitby's OPA 105, the Town of Whitby's amendment to bring its official plan into conformity with the Regional Official Plan and the Provincial Policy Statement.
- An OMB hearing date was held for City of Oshawa's Greenbelt Plan and Growth Plan conformity amendment application B3100-0368 (OPA 179) on February 12, 2018, and a decision was issued on February 27, 2018.
- An OMB hearing date for Consent Application LD 113/2016 (401 Reynolds Dr., Whitby) was held March 28, 2018.

1. The Ontario Municipal Board was replaced by the Local Planning Appeal Tribunal (LPAT) on April 6, 2018. All land use planning appeals will now be heard by the LPAT.

6.2 Five non-exempt Area Municipal Official Plan amendment applications and five consent applications are currently before the LPAT (refer to Attachment #3).

7. Reserved Street Names

7.1 The Planning Division coordinates street naming in the Region. Street names are reviewed by the Region in consultation with Durham Regional Police Services in order to avoid the use of similar sounding street names. Approved street names are included in a street name reserve list for each area municipality. A total of 16 new street names were added to the Regional reserve street name list the first quarter of 2018. (Refer to Attachment #4).

8. Attachments

Attachment #1: Summary of Regional Review of Planning Applications

Attachment #2: Summary and Maps of Regional Official Plan Amendment Applications Currently Being Processed or Before the Local Planning Appeal Tribunal

Attachment #3: Regional Planning Approvals Before to the Local Planning Appeal Tribunal

Attachment #4: Summary of Reserved Street Names

Respectfully submitted,

Original signed by

B.E. Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development

**Summary of Regional Review of Planning Applications
January 1 to March 31, 2018**

Application Type	Status	Commenting Activity
Area Municipal Official Plan Amendments	Received	7
	Commented	7
Delegated Subdivisions & Condominiums (Lakeshore Area Municipalities)	Received	7
	Provided Comments & Conditions of Draft Approval	16
	Cleared Conditions of Draft Approval	4
Non-Delegated Subdivisions & Condominiums (Northern Area Municipalities)	Received	1
	Commissioner's Issuance of Draft Approval	0
	Commissioner's Issuance of Final Approval	0
Zoning By-law Amendments	Received	17
	Commented	30
Non-Delegated Part Lot Control	Received	0
	Approved	0
Consents	Received	38
	Commented	58

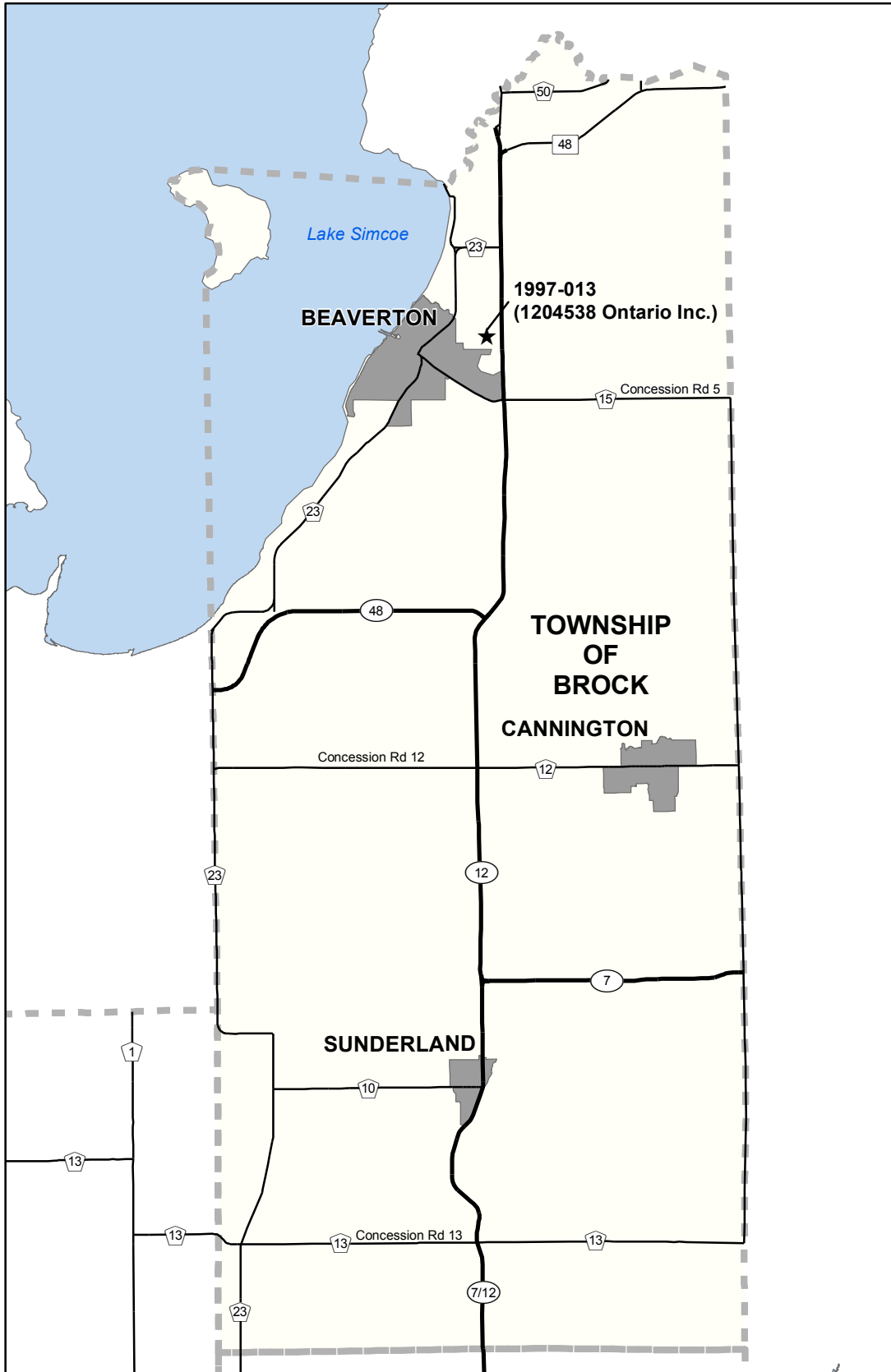
**Regional Official Plan Amendment applications currently being processed or before the
Local Planning Appeal Tribunal (As of March 31, 2018)**

OPA FILE	COUNCIL/ STANDING COMMITTEE CORR.	APPLICANT/ LOCATION	PROPOSED AMENDMENT
1997-013	97-352	1204538 Ontario Inc. Lot 11, Conc. 6 (Thorah) Township of Brock (West of Hwy. 12 & 48, North of Main St.)	To permit a rural employment area in the General Agricultural Area designation Status: On hold. Applicant to advise of next steps.
2000-003	2000-273	Town of Ajax (South of Bayly St., East of Church St.)	To delete a Type C Arterial Road (Deferral #3 to the Town of Ajax Official Plan) Status: Final TMP approved by Council on December 13, 2017, recommending that the Clements Rd. connection (i.e. Deferral #3) be protected for in the ROP.
2005-009	SC-2005-66	Loblaw Properties Ltd. Lots 3 & 4 Conc. 1 Town of Ajax (South of Achilles Rd., East of Salem Rd.)	To delete a Type C Arterial Road Shoal Point Rd. extension, North of Bayly St. Status: Final TMP approved by Council on December 13, 2017, recommending that this connection be protected for in the ROP.
2005-011	SC-2005-68	Brooklin Golf Club Limited Lots 21 to 25, Conc. 8 Town of Whitby (South of Myrtle Rd., West of Baldwin St.)	To permit two 18-hole golf courses and resort / conference centre in the Permanent Agricultural Reserve designation Status: Awaiting further technical studies from the applicant.
2014-006		Magnum Opus Developments Part of Lot 4, Conc. 3 Town of Ajax (Shoal Point Rd./ Realignment from Bayly St. to Ashbury Blvd.)	To delete the Type 'C' Arterial Road classification (Bayly Street south to Ashbury Boulevard) from the ROP. Status: OMB decision issued July 18, 2017. Final order withheld until development agreements are finalized by applicant.
2014-008		Vicdom Sand & Gravel (Ontario) Ltd. Part of Lot 15, Conc. 7 & 8 Township of Uxbridge (North of Goodwood Rd., West of Lakeridge Rd.)	To add a new aggregate resource area (18.9 ha. in size) in Uxbridge. Status: Public meeting held on January 6, 2015. Decision meeting to be scheduled.
2016-003		Clara and Nick Conforti – Optilix Systems Lot 21, Conc. 4 Town of Whitby (Thickson Rd. in between Taunton Rd. East and Conlin Rd.)	To permit the continuation and expansion of a contractors yard and office in the Major Open Space designation Status: Public meeting held on December 7, 2016. Decision meeting to be scheduled.

2018-001		Youngfield Farms Limited Lot 17, Conc. 9 Township of Scugog (North of Regional Rd. 57, East of Emmerson Ln.)	<i>To permit the severance of a farm dwelling rendered surplus as a result of the consolidation of non-abutting farm parcels</i> Status: Public meeting was scheduled for April 4, 2018. Decision meeting to be scheduled.
2018-002		Region of Durham (Region-wide)	<i>To incorporate network changes recommended through the Transportation Master Plan into the Regional Official Plan.</i> Status: Public meeting was scheduled for April 4, 2018. Decision meeting scheduled for June 6, 2018.



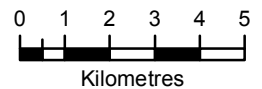
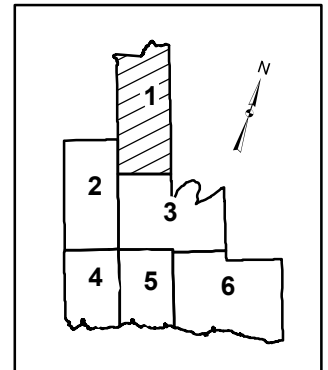
REGIONAL OFFICIAL PLAN AMENDMENTS (ROPAs) TOWNSHIP OF BROCK



ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
- ⊙ Appealed to OMB
- ⊛ Approved
- Regional Official Plan Urban Area
- Municipal Boundary
- 12 Provincial Highway
- 48 Regional Highway
- 5 Regional Road
- Local Road

REGIONAL MAP INDEX



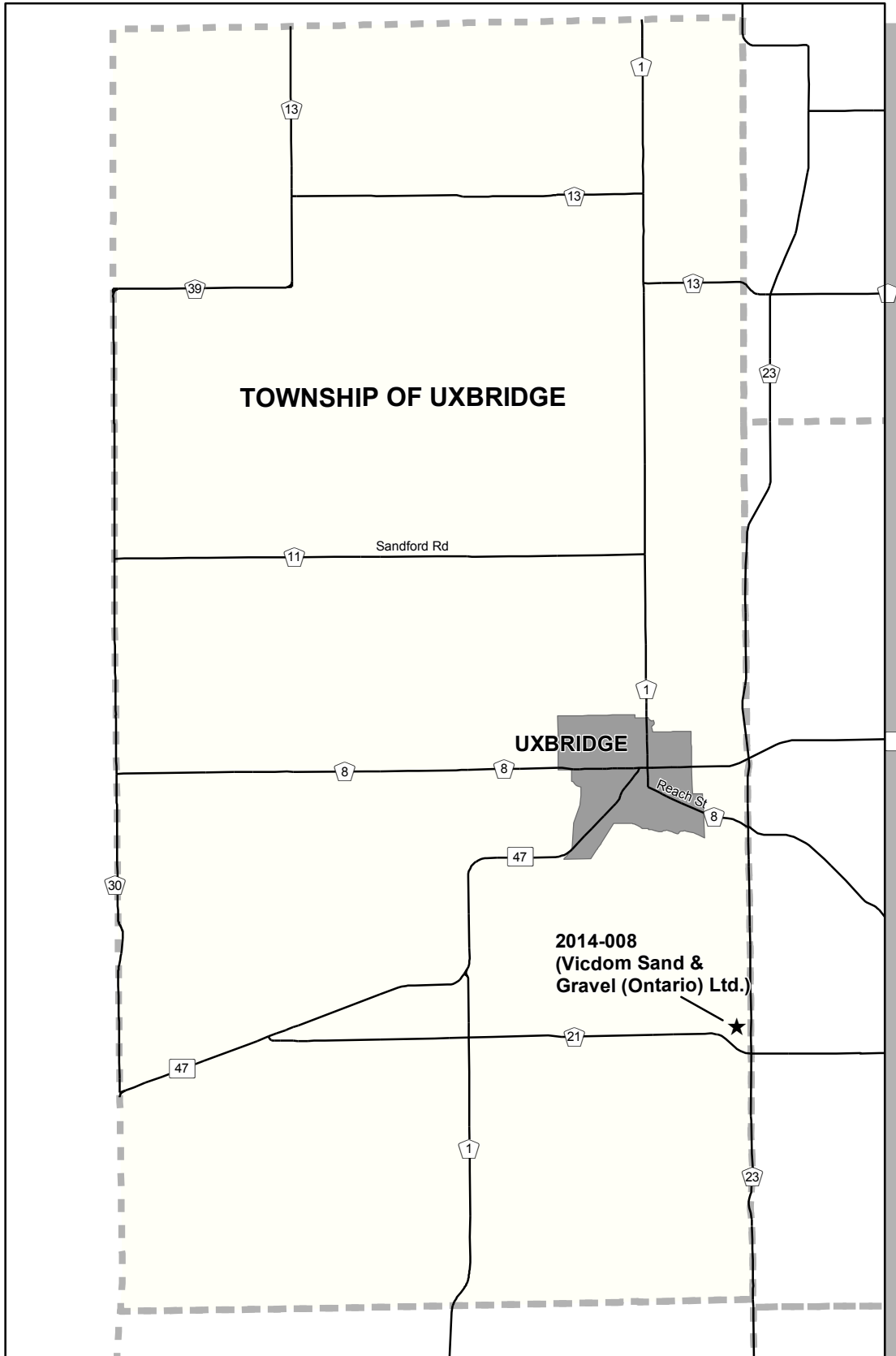
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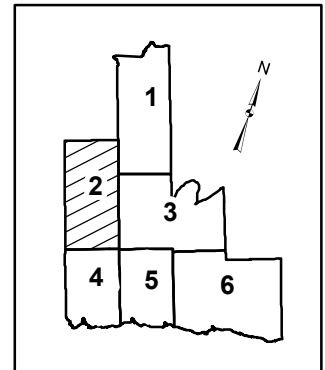
REGIONAL OFFICIAL PLAN AMENDMENTS (ROPAs) TOWNSHIP OF UXBRIDGE



ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
- ⊙ Appealed to OMB
- ⊛ Approved
- Regional Official Plan Urban Area
- ⋮ Municipal Boundary
- (12)— Provincial Highway
- (48)— Regional Highway
- (5)— Regional Road
- Local Road

REGIONAL MAP INDEX



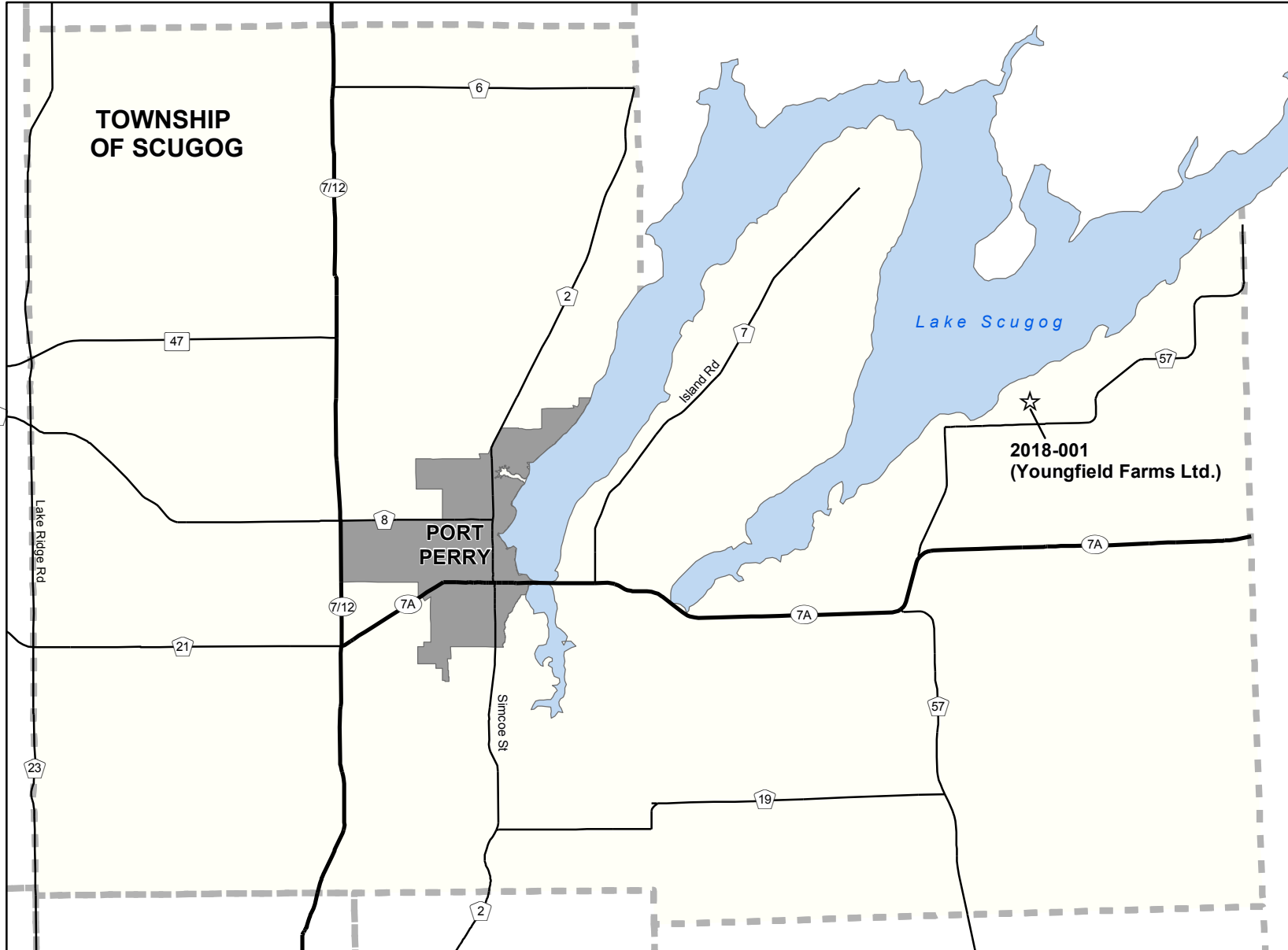
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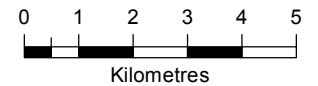
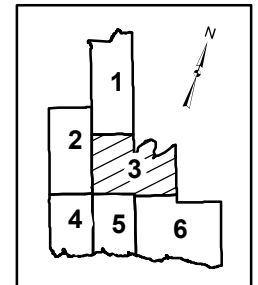
REGIONAL OFFICIAL PLAN AMENDMENTS (ROPAs) TOWNSHIP OF SCUGOG



ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
- ⊛ Appealed to OMB
- ⊙ Approved
- Regional Official Plan Urban Area
- ⋯ Municipal Boundary
- Ⓜ Provincial Highway
- Ⓜ Regional Highway
- Ⓜ Regional Road
- Local Road

REGIONAL MAP INDEX



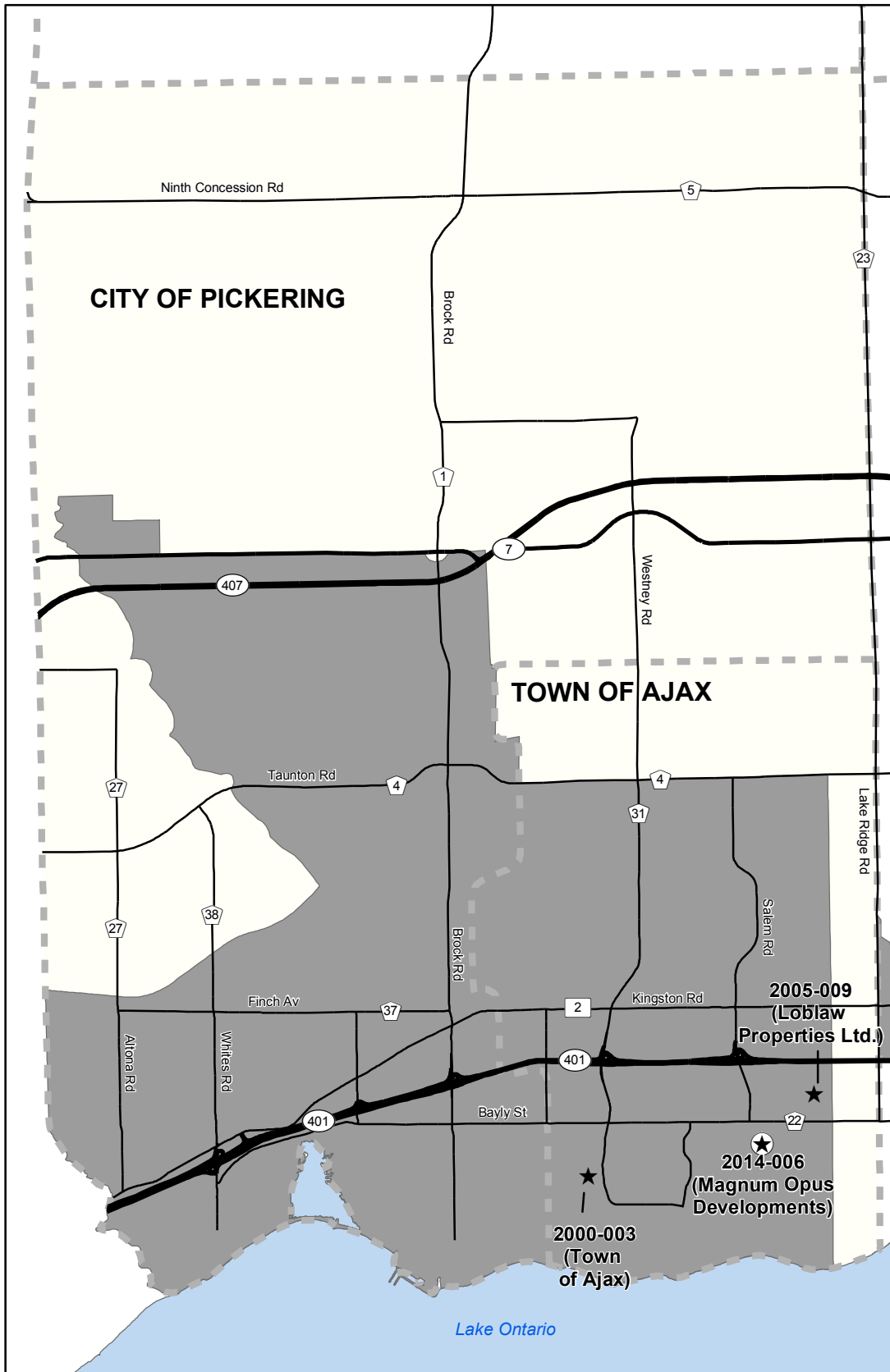
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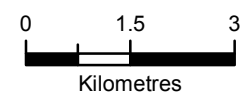
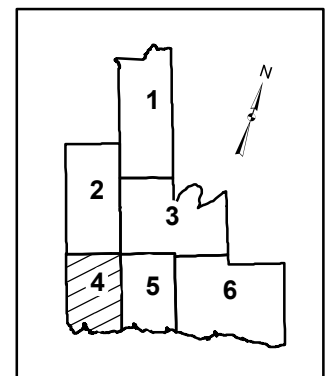
REGIONAL OFFICIAL PLAN AMENDMENTS (ROPAs) CITY OF PICKERING - TOWN OF AJAX



ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
- ⊙ Appealed to OMB
- ⊛ Approved
- Regional Official Plan Urban Area
- Municipal Boundary
- 12 Provincial Highway
- 48 Regional Highway
- 5 Regional Road
- Local Road

REGIONAL MAP INDEX



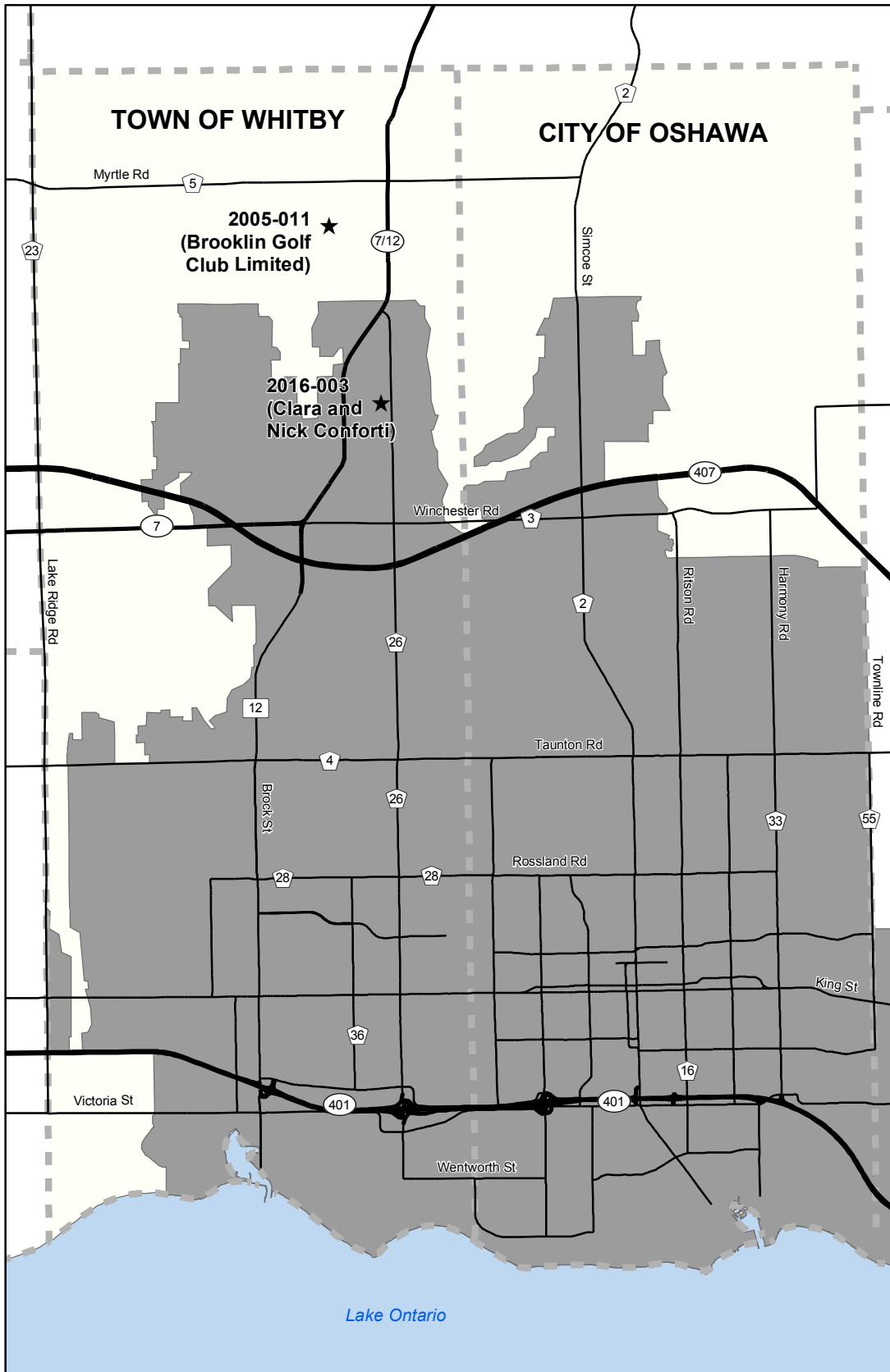
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REGIONAL OFFICIAL PLAN AMENDMENTS (ROPAs) TOWN OF WHITBY - CITY OF OSHAWA

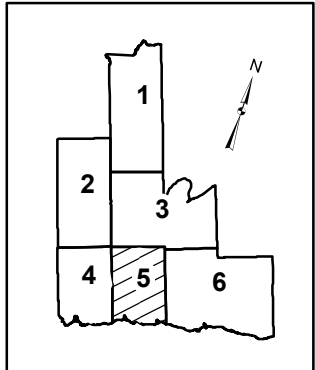


ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
- ⊙ Appealed to OMB
- Approved

- Regional Official Plan Urban Area
- Municipal Boundary
- Provincial Highway
- Regional Highway
- Regional Road
- Local Road

REGIONAL MAP INDEX



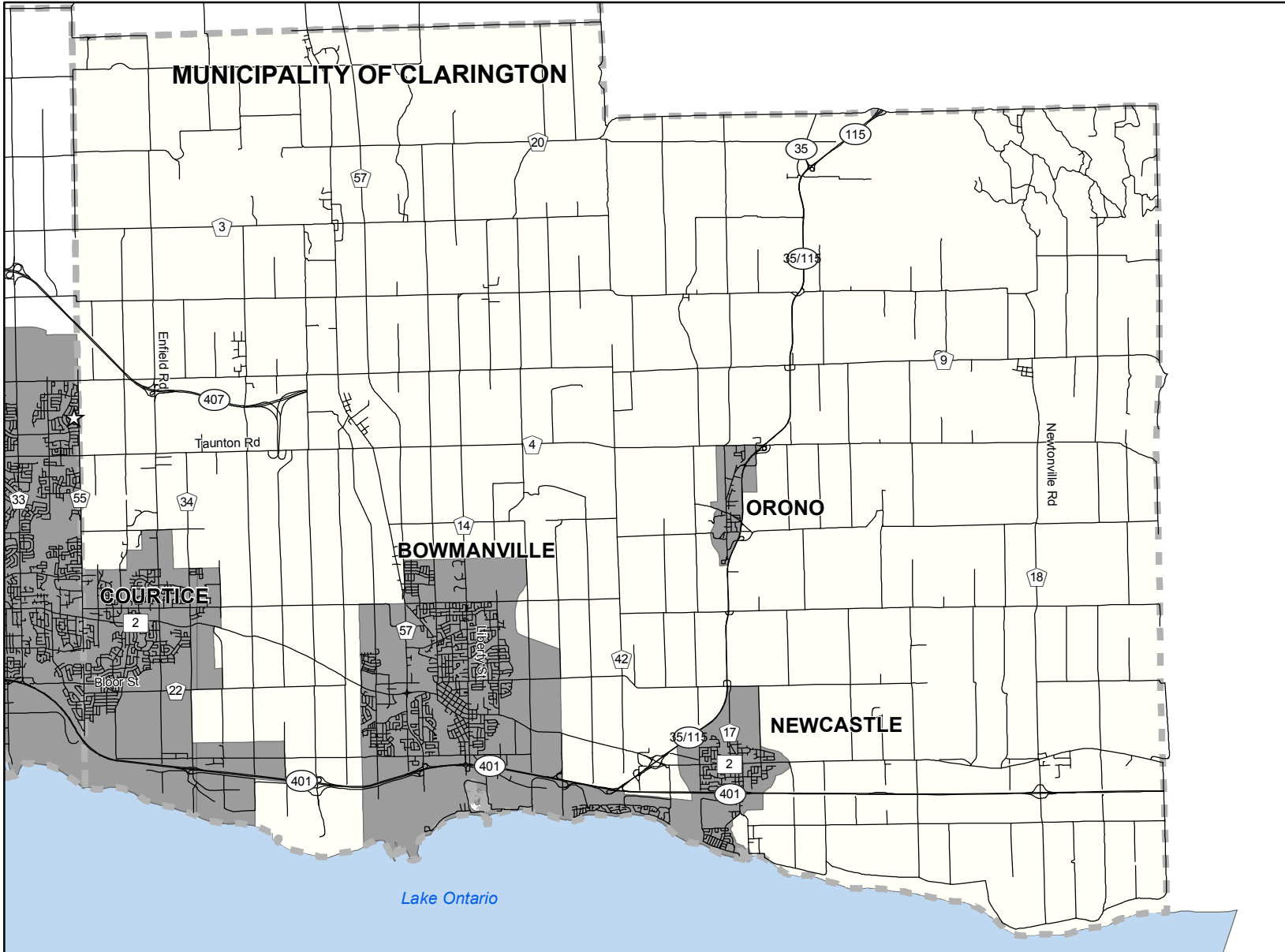
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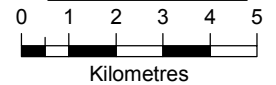
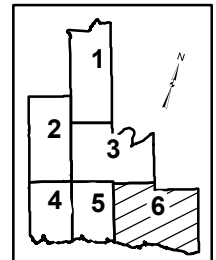
REGIONAL OFFICIAL PLAN AMENDMENTS (ROPA'S) MUNICIPALITY OF CLARINGTON



ROPA Locations

- ☆ New Application
- ★ Under Consideration
- ⊗ Refused/Withdrawn
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- Local Road

REGIONAL MAP INDEX



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**Non-Exempt Area Municipal Planning Applications Under Appeal
(As of March 31, 2018)**

REGIONAL FILE NO. / OMB CASE NO.	APPLICANT	MUNICIPALITY	PURPOSE	STATUS
COPA-2016-001/ PL170817 & PL171459	Municipality of Clarington	Municipality of Clarington	Municipality of Clarington's conformity exercise with provincial plans, and the Regional Official Plan. It also included transportation and environmental policies. (Official Plan Amendment 107)	First pre-hearing held on November 16 th , 2017. Second pre-hearing held on March 19 th , 2018. Third pre-hearing scheduled for September 25 th , 2018.
COPA 2012-006 / PL140177	Municipality of Clarington	Municipality of Clarington	To provide a Secondary Plan for the "Courtice Main Street and Town Centre" in order to facilitate the development of a mixed- use corridor along Durham Highway 2. (Official Plan Amendment 89)	OMB decision issued November 28 th , 2014. OPA 89 still has 1 outstanding appeal. Adjourned sine die.
OPA 2012- W/01 PL 170616	Town of Whitby	Town of Whitby	Port Whitby Secondary Plan. (Official Plan Amendment 104)	OMB Decision issued February 1 st , 2018. OPA 104 in full force and effect.
OPA 2007- W/04 PL171475	Town of Whitby	Town of Whitby	Town of Whitby's Greenbelt Plan, Regional Official Plan and PPS conformity amendment (Official Plan Amendment 105).	Region of Durham issued its Notice of Decision on November 17 th , 2017. Two appeals were received. LPAT pre-hearing scheduled for April 20 th , 2018.

REGIONAL FILE NO. / OMB CASE NO.	APPLICANT	MUNICIPALITY	PURPOSE	STATUS
B3100-0368 PL170051 and PL170052	City of Oshawa	City of Oshawa	City of Oshawa's Greenbelt Plan and Growth Plan conformity Amendment (Official Plan Amendment 179)	<p>OMB hearing held February 12th, 2018.</p> <p>OMB decision issued February 27th, 2018.</p> <p>Appeal was resolved based on a settlement between the City of Oshawa and the appellant that saw the OPA's policies regarding Transportation Hubs and Commuter Stations modified.</p> <p>OPA in full force and effect save and except for outstanding deferrals related to the Columbus Urban Area and the future Thornton Corners GO Station.</p>

**Regional Land Division Committee Applications Currently Before the Local Planning
Appeal Tribunal (As of March 31, 2018)**

REGIONAL FILE NO. / OMB CASE NO.	APPLICANT	MUNICIPALITY	PURPOSE	STATUS
LD 005/2011 PL 170128	John Overzet (Steeple Hill on Lake)	Town of Ajax	Consent to sever a 53.7 hectare parcel of land with a golf course, retaining an 8.8 hectare parcel of land. Application includes easement/right-of-way.	First pre-hearing occurred on June 22 nd , 2017. Second pre-hearing was held on October 19 th , 2017. Hearing held January 22 nd and 23 rd , 2018. Awaiting decision.
LD 031/2016 / PL 160920	Vince Baio & Bernie Jarrar	City of Pickering	Consent to sever a 924.3 square metre residential lot with an existing dwelling, retaining a 925.3 square metre residential lot.	Hearing date scheduled for January 25 th , 2017 was adjourned. No new hearing date has been scheduled.
LD 113/2016 PL170980	401 Reynolds Drive Stafford Homes – Trafalgar Castle	Town of Whitby	Consent to sever a 3.34 ha vacant institutional parcel of land, retaining a 6.43 hectare institutional parcel of land with existing structures to remain.	Appealed in September 2017. Prehearing/settlement hearing held March 28 th , 2018. A settlement was presented, but no decision has been issued and no subsequent hearing has been scheduled.
LD 040/2017 PL 170613	David Hartford	Municipality of Clarington	Consent to grant a 176.9 square metre access easement in favour of the property to the south, retaining a vacant 12,376.2 square metre rural residential parcel of land.	Hearing was scheduled for Oct 18 th , 2017. Meeting canceled based on adjournment letter. No new date has been scheduled.
LD 056/2017 PL 171024	Curtis De Souza	Town of Ajax	Consent to sever a vacant 322.4 square metre residential lot, retaining a 571.2 square metre residential lot with an existing dwelling to remain.	No hearing has been scheduled.

Summary of Reserved Street Names (January 1, 2018 - March 31, 2018)

Municipality	Number of New Street Names Added in First Quarter of 2018	New Street Names Added*	Total Number of Street Names Reserved
Ajax	1	Scully	304
Brock	0		32
Clarington	0		615
Oshawa	0		429
Pickering	1	Palmer's Sawmill	635
Scugog	11	Foy, Scoville, Macbrien, Sweetman, Adams, Bateman, Currie, Dayton, Holden, Tooley, Wright	152
Uxbridge	2	Gord Matthews Way, Harry Thornton Lane	89
Whitby	1	Trevor Bardens	302
Total	16		2,558

* At this point in time not all suffixes have been assigned.



The Regional Municipality of Durham Information Report

From: Commissioner of Planning and Economic Development
Report: #2018-INFO-94
Date: June 1, 2018

Subject:

Local Planning Appeal Tribunal Regulations related to Bill 139, the Building Better Communities and Conserving Watersheds Act, 2017. File L01-02

Recommendation:

Receive for information

Report:

1. Purpose

1.1 The purpose of this report is to advise Council that Bill 139, the Building Better Communities and Conserving Watersheds Act, 2017 was proclaimed into force on April 3, 2018. Among other things, the Bill replaced the Ontario Municipal Board (OMB) and its functions for land use planning appeals, and established the Local Planning Appeal Tribunal (LPAT). The LPAT is intended to provide more transparent and predictable decision-making and give communities a stronger voice in land use planning¹. This report provides an update of the changes under the new LPAT system.

2. Background

2.1 On December 7, 2017, the Province released regulations that described, in general terms, proposed transition provisions for Bill 139 (EBR Posting #013-1788), updates to a number of Planning Act regulations to facilitate the

¹ Bill 139 also made changes to the Conservation Authorities Act (CA Act) to guide the conservation of Ontario's watersheds. The CA Act component of Bill 139 is not the subject of this report.

implementation of Bill 139 (EBR Posting #013-1790), and regulations related to procedural matters that will govern future LPAT hearings (Ontario Regulatory Registry Posting #17-MAG011).

2.2 On December 12, 2017, the Province passed Bill 139. At that time, the Bill received Royal Assent, but had not yet been proclaimed in force. The Region reported on these matters on January 10, 2018 (Report #2018-COW-10) and comments were submitted to the Ministries of Municipal Affairs and the Attorney General on January 19, 2018.

2.3 Bill 139 came into effect on April 3, 2018.

3. Changes under the new Local Planning Appeal Tribunal

LPAT Role and Mandate

3.1 The purpose of the new LPAT, as with the former OMB, is to enable a review of municipal planning decision-making, or in the absence of a municipal decision, to make decisions on land use planning matters. While the mandate of the LPAT remains relatively unchanged for certain matters under the Planning Act (i.e. minor variances, consents, etc.), and appeals under a variety of land use planning and development statutes (i.e. Development Charges Act, Aggregate Resources Act, Expropriations Act, etc.), there is a new standard of review for specific classes of appeal under the Planning Act, including:

- Appeals of a council decision to adopt or amend an official plan (Planning Act, subsection 17(24));
- Appeals of a decision by an approval authority to approve a decision adopting or amending an official plan (ss. 17(36));
- Appeals of a non-decision by an approval authority (ss. 17(40));
- Appeals of a council decision to refuse a private amendment to an official plan or non-decision of a private amendment application (ss. 22(7));
- Appeals of a council decision to refuse a private amendment to a municipal zoning bylaw or non-decision of a private amendment application (ss. 34(11));
- Appeals of a decision by a council to adopt a zoning bylaw or zoning bylaw amendment (ss. 34(19)); and
- Appeals of a non-decision on a subdivision (ss. 51(34)).

New Standard of Review

3.2 For adopted or approved Official Plans and Official Plan Amendments (OP/OPA) and Zoning By-laws/Zoning By-law Amendments (ZBL/ZBLA), the appellant must explain and demonstrate how the adopted or approved OP/OPA or ZBL/ZBLA (or some part of it) is:

- Inconsistent with a provincial policy statement;
- Fails to conform with or conflicts with a provincial plan; or
- Fails to conform with an official plan.

The LPAT is under a statutory obligation to dismiss any appeal that fails to do so.

3.3 There is a new two-part test for any private appeals of an OPA and ZBLA that council refuses or fails to make a decision. Appeals of this nature must first:

1. Demonstrate how existing parts of the OP or ZBL to be affected by the amendment is:
 - Inconsistent with a policy statement;
 - Fails to conform with or conflicts with a provincial plan; or
 - Fails to conform with an official plan.

And second:

2. Demonstrate how the requested Amendment is:
 - Consistent with policy statements;
 - Conforms with and does not conflict with provincial plans; or
 - Conforms with an official plan.

If the appeal does not meet this two-part test, the LPAT is obligated to dismiss the appeal.

Time Limits and Validity of Appeal

3.4 Time limits do not begin until an appeal's validity has been determined by the LPAT. This is a new concept whereby an LPAT Member will carry out a preliminary screening after the appeal is received, to assess whether the appeal provides sufficient explanation that satisfies the new two-part test.

3.5 The LPAT has set out a goal to undertake this screening within 10 days following the Registrar's acknowledgement of the appeal.

- 3.6 The period starting on the day on which an appeal is validated, to the day the appeal is disposed of, is not to exceed:
- 12 months for an appeal of the failure of an approval authority to make a decision with respect to an OP or a plan of subdivision;
 - 10 months for a decision made, or failure to make a decision by municipality, in respect to an OP or ZBL; and
 - 6 months for an appeal of a new decision made, or failure to make a new decision by municipality, and for any other appeal (e.g. minor variances, site plans, consents).

- 3.7 The LPAT will issue a notice of commencement for those specific classes of appeal following the preliminary screening. The LPAT may also issue a notice of postponement (i.e. to “stop the clock”), to halt the time period when necessary to secure a “fair and just determination of the appeal” (which could include conditions). Time periods would recommence upon the issuance of a notice of resumption by the LPAT.

Enhancements to Records

- 3.8 With these imposed time limits and the new statutory tests, it is necessary to have an enhanced municipal record with all prescribed documentation of the municipal decision making process. The content of the municipal record is required to include, but not be limited to, all prescribed information and material and a paper copy of all written submissions either received or considered, and documents and reports prepared or filed, in relation to a decision, refusal or non-decision.
- 3.9 In addition, it is now a requirement that an affidavit be prepared by an employee that includes a summary of all oral submissions, certified by the Clerk, which were received at the statutory public meeting; a copy of the audio/visual recording of each public session at which oral submissions were made; a list of the names of all persons who made submissions; and a summary of each submission and the time on the recording where the submission began.
- 3.10 The municipality is to provide all persons who filed an appeal, a copy of the municipal record.
- 3.11 If the preliminary screening determines that the appeal is valid, then the appellant is required to file an appeal record with the LPAT within 20 days, with a copy to the municipality. The appeal record shall include, as a minimum, a case synopsis, previously referred to as a “Factum”, which identifies the issues raised in the

appeal that relate to the applicable test of consistency and conformity (20 page limit).

Mandatory Case Management Conferencing

- 3.12 The LPAT will now be required to hold a mandatory case management conference for Planning Act appeals (noted in section 3.1). The LPAT is required to explore opportunities for settlement, including possible use of mediation or other dispute resolution processes. Previously, the OMB reviewed each case and decided, with input from the parties, whether to direct the case to mediation, hold a pre-hearing conference or schedule a hearing. Most appeals proceeded directly to a hearing.

Hearing Process and Procedures

- 3.13 New rules regarding the conduct of proceedings will limit oral testimony and the evidentiary record. In an effort to reduce adversarial hearings, oral testimony by expert witnesses has been eliminated in major land use planning appeals. On matters that fall under the consistency/conformity test, only parties to the appeal may provide oral submissions. Each party may make an oral submission of up to 75 minutes.
- 3.14 For the purposes of creating more efficient proceedings, no persons or parties may introduce new evidence or call or examine witnesses at oral hearings. Only the LPAT may call a witness or receive evidence through a witness. The LPAT may direct that a witness whose evidence may be relevant to determination of the issues attend the hearing, to enable the LPAT to ask that witness questions.

New Decisions and Potential Second Appeals

- 3.15 A “new decision” is a new concept that now applies when a municipality is provided the opportunity to reconsider its decision or non-decision following a hearing by the LPAT.
- 3.16 If the LPAT determines that a proceeding is to be returned to the municipal council for consideration of a new decision, the LPAT may identify options to remedy the inconsistency or non-conformity. The Municipal Clerk and parties will be advised of the LPAT’s initial decision, and the municipality will have 90 days to make a new decision.
- 3.17 Any new decision of the municipal council will be assessed against the consistency/conformity test required by the Planning Act. An appeal of the new

decision or non-decision is also possible. In the case of any second appeal, a new LPAT administration fee (\$300) will also be required, and a new case number would be assigned.

- 3.18 In the case of an appeal of a “new decision” (i.e. second appeal), the decision of the LPAT is final. For the LPAT to consider a review of their decision, it must be proven that the LPAT made an error in law that, if known, may have changed the decision.

Local Planning Appeal Support Centre

- 3.19 The new Local Planning Appeal Support Centre (LPASC) has been established as an independent agency to provide information and support for citizens who want to participate in the land use planning appeal process before the LPAT. Additional information on the LPASC will soon be available online at <https://www.lpasc.ca/>.

4. Changes to the Planning Act

- 4.1 Bill 139 introduced changes to the Planning Act that:

- Make changes to appeal procedures made under the LPAT Act, described in section 3;
- Remove the ability to appeal provincial decisions on OPs and major OP updates, including Municipal Comprehensive Reviews. Previously, provincial decisions including provincial plan conformity exercises, could be appealed;
- Provide more municipal control over development by removing the ability for private amendments to appeal new secondary plans for two years (i.e. two-year “timeout”), unless the amendment is municipally-supported;
- Remove the ability to appeal interim control by-laws when first passed (except by the Province). Any extension of an interim control by-law beyond the first year is subject to appeal; and
- Extend municipal decision timelines by 30 days for OP/OPAs (from 180 to 210 days), as well as holding by-laws and ZBLAs (from 120 to 150 days). Where there are concurrent OPA and ZBLA applications for the same proposal, the decision timeline is now 210 days.

- 4.2 In an effort to facilitate policy directions within the Growth Plan, 2017, additional Planning Act changes were made to:

- Allow municipalities to restrict appeals of OPs and ZBLs or community

planning permit by-laws in municipally-defined “Protected” Major Transit Station Areas. Previously, municipalities could not shelter transit-supportive densities from appeal under the Planning Act;

- Require all OPs to include climate change policies, specifically to identify goals, objectives and actions to mitigate greenhouse gas emissions and adapt to a changing climate, including through increasing resiliency; and
- Require all OPs to include policies dealing with the adequate provision of affordable housing.

Transitional Matters

4.3 Transition regulations set out which matters will be considered under the new procedures, and which matters will fall under the legislation as it read prior to Bill 139 (i.e. under the previous OMB rules and procedures). The transition regulations specify that:

- Appeals that were already before the Tribunal (formerly the OMB) as of December 12, 2017 (the date of Royal Assent of Bill 139) are subject to the previous OMB rules;
- Appeals made on or after April 3, 2018 (the date Bill 139 was proclaimed into force) are subject to the new LPAT rules;
- Appeals of matters between December 12, 2017 (Royal Assent) and April 3, 2018 (Proclamation):
 - Are subject to the previous OMB rules if the planning matter began before the date of Royal Assent (i.e. the complete application was received before December 12, 2017); or
 - Are subject to the new LPAT rules if the planning matter began after the date of Royal Assent (i.e. the complete application was received after December 12, 2017).

5. Conclusion and Next Steps

5.1 On April 3, 2018, the Building Better Communities and Watersheds Act, 2017 was proclaimed in effect that replaced the OMB with the Local Planning Appeal Tribunal.

5.2 The legislation established new practices and procedures for land use planning appeals by:

- Setting a new conformity/consistency standard of review;
- Creating the Local Planning Appeals Tribunal with new rules for

- conducting hearings;
- Establishing an independent Local Planning Appeal Support Centre to help people understand and navigate the appeal process; and
- Sheltering municipally initiated OP/OPAs that require the Minister's approval.

These changes are intended to enable the LPAT to carry out a more active role in dispute resolution, with greater deference to local decision making.

- 5.3 Regional staff will continue to monitor and report back to Committee on any further legislative, regulatory, policy and program changes proposed to be made as a result of Bill 139, where appropriate.
- 5.4 This report was prepared in consultation with Corporate Services – Legal Services and Legislative Services.

Respectfully submitted,

Original signed by

B.E. Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development



The Regional Municipality of Durham Information Report

From: Commissioner of Corporate Services
Report: #2018-INFO-95
Date: May 25, 2018

Subject:

Update on *Bill 148, Fair Workplaces, Better Jobs Act, 2017* – Impact of Provincial Legislation

Recommendation:

Receive for information

Report:

1. Purpose

To advise Council that of some of the impacts to the Region resulting from Bill 148, *Fair Workplaces, Better Jobs Act, 2017* (“Bill 148”) that came into effect on January 1, 2018. Please note that Bill 148 is being implemented in a phased approach. There are various other forthcoming amendments in 2019 and 2020. The cost of these future changes cannot be fully realized at this juncture and in advance of collective bargaining. As such, we anticipate a future report on the same.

Bill 148 received royal assent on November 22, 2017. It included modifications to the *Occupational Health and Safety Act, the Employment Standards Act and Labour Relations Act*.

2. Impacts

Personal Emergency Leave

Effective January 1, 2018, all Regional staff, whether Temporary or Regular, Full Time or Part Time, became entitled to 2 paid Personal Emergency Leave days (“PEL”). For Regular Full time staff with access to a sick bank or incidental time, there is no substantive financial impact to the Region as a result of this change.

The financial impact to the Region of the new PEL entitlement is two (2) fold. First, Part Time, Temporary and Casual Employees who do not have access to a sick bank or incidental time, may receive up to two (2) paid PEL days. As of the end of April 2018 the cost to the Region has been \$244,310.56. An amount that was unbudgeted in the 2018 departmental submissions.

This cost does not include the costs associated with backfilling these absent staff and could include additional administrative and overtime costs. These costs will be most notably realized in RDPS and Long Term Care Homes who engage in 24/7 operations.

Public Holiday Pay

Effective January 1, 2018, Bill 148 changed the manner in which public holiday pay is calculated for any holidays that fall between January 1, 2018 to July 1, 2018. Prior to Bill 148, the old method to calculate public holiday pay was to take the sum of the regular wages paid to an employee in the four weeks preceding the holiday and dividing this number by 20. Under Bill 148, public holiday pay is calculated by taking the total amount of regular wages earned by the employee in the pay period immediately preceding the holiday and dividing it by the number of days the employee worked in that period.

By way of an example, if a Part Time employee earned a total of \$100 during the previous 4 week period in 1 shift, they would end up with \$5 for holiday pay under the old calculation. Under the new calculation, that same employee would now receive \$100 for holiday pay.

From the Region's perspective an additional \$72,500 has been paid out to date to Part Time, Temporary and Casual employees for Public Holiday Pay, impacting departmental operational budgets.

It should be noted that recently the Provincial Government rescinded this amendment to the legislation as local businesses put forward their case(s) of excessive costs. As of July 1, 2018 the calculation will revert back to the previous calculation, however organization are not allowed to draw the payments made before July 1, 2018.

Minimum Wage

As previously reported the impact of the change to minimum wage impacted our student rate and Durham Transit Operators in Training.

As further impacts to the Provincial Legislation are determined further information reports will follow.

Respectfully submitted,

Original signed by

D. Beaton, BCom, M.P.A.
Commissioner of Corporate Services

MAY 29 '18 AM 9:00



TOWN OF AJAX
65 Harwood Avenue South
Ajax ON L1S 3S9
www.ajax.ca

Ministry of Transportation
Queen's Park/Minister's Office
77 Wellesley Street West
Ferguson Block, 3rd Floor
Toronto, ON
M7A 1Z8

March 23, 2018

Re: Automated Speed Enforcement

Please be advised that the following resolution was endorsed by Ajax Town Council at its Meeting held May 22, 2018:

WHEREAS resident safety is a primary concern for Ajax Council;

AND WHEREAS speeding concerns continue to increase as our population grows;

AND WHEREAS DRPS does not have the capacity to monitor and enforce many of the problem area on a continuous basis;

AND WHEREAS automated speed enforcement is an additional tool to discourage speeding without an increased burden on DRPS;

AND WHEREAS the Province of Ontario has amended the Highway Traffic Act to enable the use of Automated Speed Enforcement Technology to improve safety in school zones and community safety zones;

AND WHEREAS Durham Regional Report #2018-INFO-32 cites a 2017 New York City report indicated that speeding in school zones during school hours was reduced by 63 per cent following the introduction of a fixed position automated speed enforcement camera;

NOW THEREFORE be it resolved that Ajax Council;

1. Direct staff to investigate the use of unmanned speed enforcement on municipal roads in key areas such as school zones; and
2. That this resolution be distributed to the Ministry of Transportation (MTO), the Durham Regional Police Service, Durham Region municipalities and the Region of Durham.

If you require any additional information please do not hesitate to contact me at 905-619-2529 ext. 3342 or alexander.harras@ajax.ca

Sincerely

A handwritten signature in black ink, appearing to be 'AH' followed by a long horizontal stroke.

Alexander Harras
Manager of Legislative Services/Deputy Clerk

Copy: S. Collier, Regional Councillor, Wards 1 & 2
S. Smallwood, Director of Planning & Development Services
J. Grieve, Supervisor of Transportation
Durham Regional Police Service
Durham Region municipalities
Region of Durham



MAY 29 '18 AM 9:04

TOWN OF AJAX
65 Harwood Avenue South
Ajax ON L1S 3S9
www.ajax.ca

Ministry of Transportation
Queen's Park/Minister's Office
77 Wellesley Street West
Ferguson Block, 3rd Floor
Toronto, ON
M7A 1Z8

March 23, 2018

Re: **Red Light Cameras**

Please be advised that the following resolution was endorsed by Ajax Town Council at its Meeting held May 22, 2018:

WHEREAS resident safety is a primary concern for Ajax Council;

AND WHEREAS traffic is increasing as our community continues to grow;

AND WHEREAS red light cameras provide an additional tool to discourage red light running at major intersections in Ajax, and enable ticketing for violations without an increased burden on DRPS West Division officers;

NOW THEREFORE be it resolved that Ajax Council;

1. Affirm their support for the Region of Durham to initiate a red-light camera project throughout Durham; and
2. That the Town of Ajax is a willing host for a red-light camera pilot on Regional roads; and
3. That this resolution be distributed to the Ministry of Transportation (MTO), the Durham Regional Police Service, Durham Region municipalities and the Region of Durham.

If you require any additional information please do not hesitate to contact me at 905-619-2529 ext. 3342 or alexander.harras@ajax.ca

Sincerely

Alexander Harras
Manager of Legislative Services/Deputy Clerk

Copy: S. Collier, Regional Councillor Wards 1 & 2
S. Smallwood, Director of Planning & Development Services
J. Grieve, Supervisor of Transportation
Durham Regional Police Service
Durham Region municipalities
Region of Durham

A copy of Clause 7 of Committee of the Whole Report No. 9 is enclosed for your information.

Please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644 if you have any questions with respect to this matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'Christopher Raynor', written over a horizontal line.

Christopher Raynor
Regional Clerk

/C.Martin
Attachments

The Regional Municipality of York

Committee of the Whole
Finance and Administration
May 10, 2018

Report of the
Commissioner of Finance

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

1. Recommendations

It is recommended that:

1. Council endorse the principle that the infrastructure required to meet Provincial Growth Plan directions requires that the revenue-raising powers currently only available to the City of Toronto be extended to York Region and other Growth Plan municipalities who request it.
2. The Chairman, once again, appeal to the Province regarding the continued need for *City of Toronto Act, 2006* revenue-raising powers.
3. The Regional Clerk circulate this report to:
 - a. The local municipalities
 - b. The Association of Municipalities of Ontario (AMO), Mayors and Regional Chairs of Ontario (MARCO), the Large Urban Mayors Caucus of Ontario (LUMCO), and the Municipal Finance Officers' Association of Ontario (MFOA)
 - c. The Minister of Finance and the Minister of Municipal Affairs
 - d. The local Members of Provincial Parliament
 - e. The Building Industry and Land Development Association (BILD)
 - f. All upper and single tier municipalities covered by the Provincial Growth Plan

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

2. Purpose

This report provides an update to Council on the fiscal pressures facing the Region, and the inability of current revenue sources to resolve these pressures. It also summarizes the revenue potential of *City of Toronto Act, 2006* revenue-raising powers and how those revenues could be used.

3. Background

Council has set three broad fiscal objectives that are consistent with financial sustainability objectives

Achieving financial sustainability is mostly about managing service levels and infrastructure. It requires taking the necessary steps to manage both short and long-term risks. In short, financial sustainability is about the stewardship of the long-term.

York Region will be in a financially sustainable position if it can offer a level of service that can accommodate the needs of growth and keep infrastructure in a state of good repair, while respecting Council's willingness to tax and residents' ability to pay (Table 1).

**Table 1
Financial Sustainability in the York Region Context**

Growth can be accommodated without unacceptable tax levy, user rate or debt increases
Infrastructure can be kept in a state of good repair and replaced at the right time
Service levels can be increased as the Region urbanizes
Service levels can be maintained in the face of changes in economic conditions
Financial responsibility is fairly shared between current and future residents (inter-generational equity)

In recent years, Council has set three broad fiscal objectives that underpin the Region's approach to achieving financial sustainability:

- Keep annual tax levy increases below three per cent per year
- Reduce reliance on debt
- Save for asset management needs

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

The Region has taken steps towards financial sustainability

York Region is committed to achieving financial sustainability, guided by a long range vision (Vision 2051) and a Strategic Plan that corresponds with the term of Council. Council decisions that contribute to financial sustainability include:

- An annually reviewed Fiscal Strategy that reduces the Region's reliance on debt, increases savings for capital asset replacement and ensures active management of the Region's ten-year capital plan, with consideration to inter-generational equity;
- A Financial Sustainability Plan for water and wastewater with rate increases that will enable the Region to achieve full cost recovery for water and wastewater in 2021; and
- Multi-year budgeting with a four-year cycle, also linked to the term of Council. This practice has helped the Region improve fiscal discipline, provide a longer-term outlook for service planning, and reduce uncertainty about future tax levies.

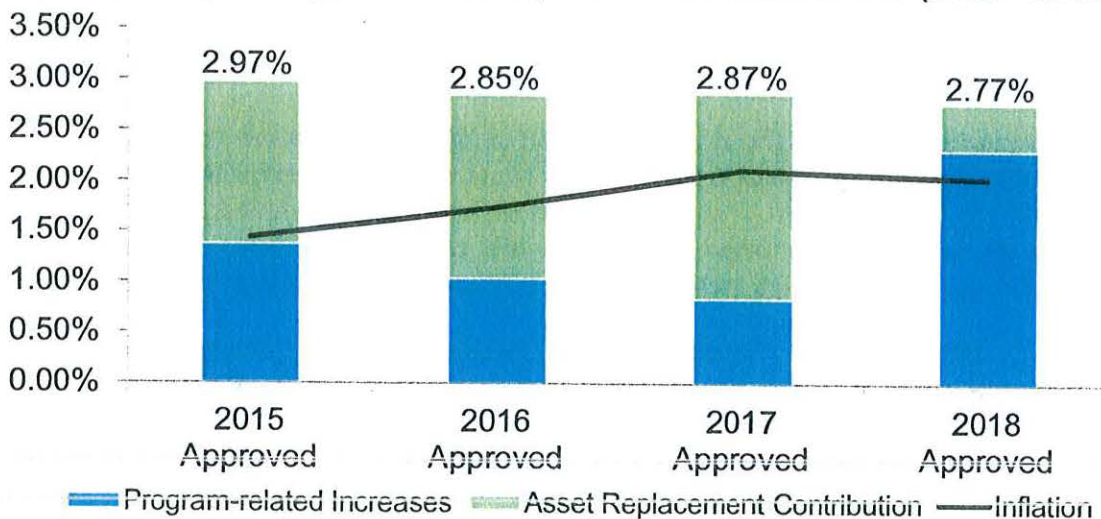
Regional spending is well-controlled

Over the course of the Region's first multi-year budget, annual tax levy increases averaged 2.87 per cent (Figure 1). These increases included contributions to capital asset replacement as well as program-related increases.

Program-related increases tracked well below the rate of inflation from 2015 to 2017, with a small catch-up in 2018. This allowed the Region to increase its contributions to asset replacement reserves.

Figure 1

Program Spending and Asset Replacement Contributions (2015 – 2018)



Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

Ontario municipalities have limited revenue-raising options

The *Municipal Act, 2001*, prescribes a limited set of revenue sources for Ontario municipalities, other than the City of Toronto. The revenue sources available to municipalities in Ontario are detailed in the table below.

Table 2
Current Revenue Powers for Ontario Municipalities

Revenue power	Relevant legislation
Property taxes, including the Vacant Unit Tax ¹	<i>Municipal Act, 2001</i> <i>Assessment Act, 1990</i>
User fees and charges (including fees and charges, permits and rents)	<i>Municipal Act, 2001</i>
Development charges	<i>Development Charges Act, 1997</i> <i>Municipal Act, 2001</i>
Fines and penalties	<i>Municipal Act, 2001</i> <i>Provincial Offences Act, 1990</i>
Investment income	<i>Municipal Act, 2001</i>
Road tolls ²	<i>Municipal Act, 2001</i>
Municipal Accommodation Tax (Hotel Tax)	<i>Municipal Act, 2001</i>

¹ Vacant Unit Tax is available to both upper-tier and lower-tier municipalities. In order to levy a Vacant Unit Tax a municipality first has to request it be 'designated' by the Minister of Finance. Once requested and approved, a regulation would be issued by the Province.

² Under the *Municipal Act, 2001*, municipalities can levy tolls on roads they own, but they must apply to the Province for an enabling regulation. To date no municipality other than Toronto has made this request. Toronto's request was rejected by the Province.

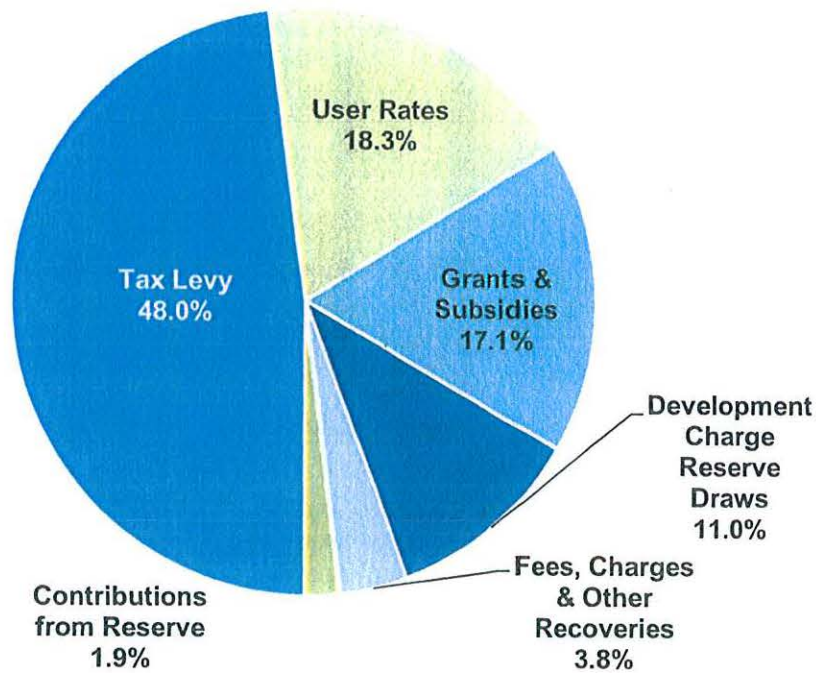
Property taxation is the largest source of revenue for York Region

Property taxation is the only major field of taxation available to most municipalities in Canada. It is a major source of revenue for the Region, and is used to fund the bulk of programs and services that York Region delivers (except for water and wastewater). Programs and services that are supported through property tax revenues include police, paramedics, road maintenance, and transit.

In 2018, the Region expects to raise approximately \$1.07 billion through property taxation, which is approximately 48 per cent of the Region's total revenue requirements.

**Meeting Growth Plan Infrastructure Demands and
Financial Sustainability: 2018 Update**

Figure 2
2018 Total Revenue -
\$2,232 Million



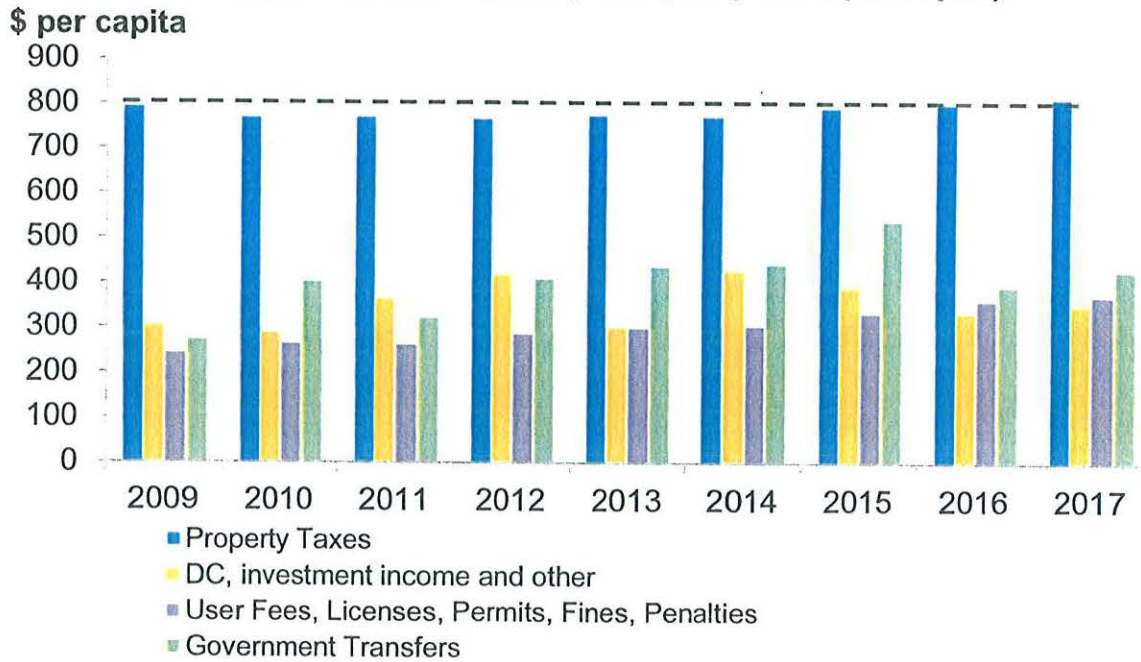
Regional property tax increases have stayed almost flat on a real per capita basis

From 2010 to 2016, Regional property tax revenues increased by 3.89 per cent annually (Figure 4). However, when adjusted for population growth and inflation, annual regional property tax revenue has remained relatively constant (Figure 3).

The Region has been able to do this while increasing spending on a real per capita basis due to growth in non-tax revenue.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

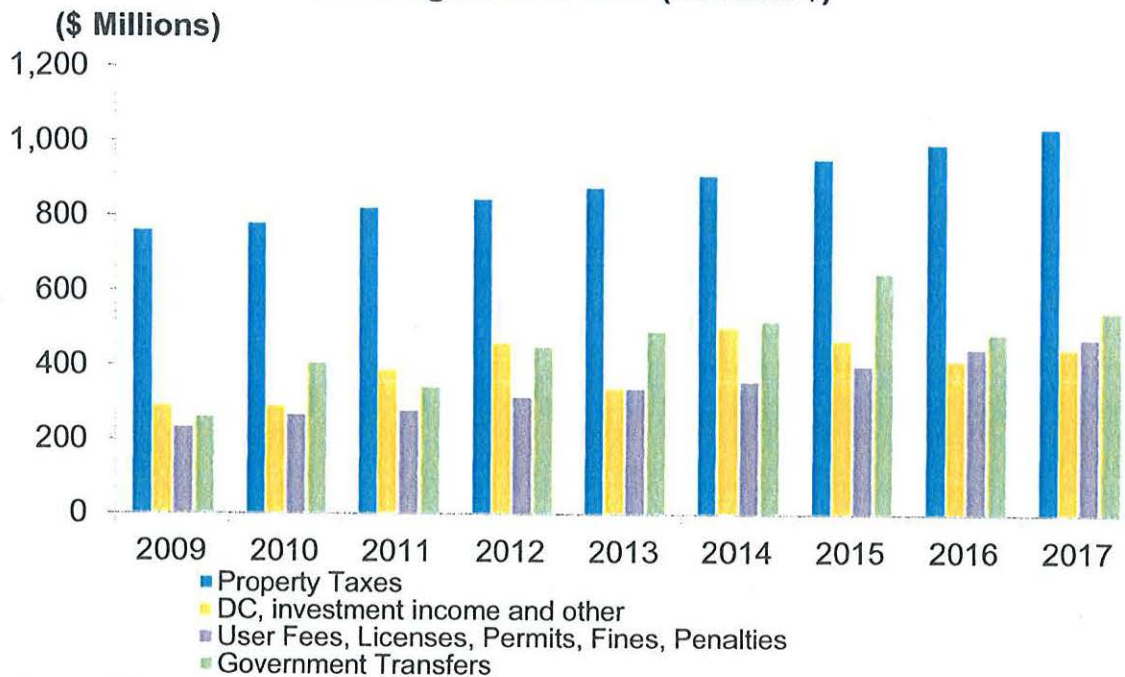
Figure 3
York Region Revenues, real per capita (2011 \$ per capita)



Source: Financial Information Returns, CANSIM Tables 051-0062 and 362-0021

Note: 2017 Figures are draft

Figure 4
York Region Revenues (Nominal \$)



Source: Financial Information Returns

Note: 2017 Figures are draft

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

In 2017, Council endorsed a recommendation to seek *City of Toronto Act, 2006* revenue-raising powers

In May 2017, Council endorsed a staff report on [Financial Sustainability](#). This report discussed the fiscal pressures facing the Region, the inadequacy of current revenue sources, and a potential path for achieving financial sustainability.

The *City of Toronto Act, 2006* gives the City of Toronto additional revenue-raising powers beyond those available to other municipalities (Table 3).

In June 2017, at the direction of Regional Council, Chair Emmerson wrote to Premier Wynne, requesting that the Province extend the revenue-raising powers under the *City of Toronto Act, 2006* to York Region during the Fall 2017 session of the legislature.

Table 3
***City of Toronto Act, 2006* - Revenue Raising Powers**

Revenue raising power	Status in Toronto
Revenue-raising powers specific to the City of Toronto	
Municipal Land Transfer Tax (MLTT)	Implemented as of February 1, 2008
Vehicle Registration tax (VRT)	Implemented on September 1, 2008 and later repealed on January 1, 2011
Third Party Sign Tax (Billboard Tax)	Implemented on April 6, 2010
Alcohol Tax; Entertainment and Amusement Tax; Parking Levy; Tobacco Tax;	Not implemented
Revenue-raising powers also available to other municipalities	
Municipal Accommodation Tax (Hotels Tax)	Implemented on all hotel accommodation as of April 1, 2018 ¹
Vacant Unit Tax	Under consideration
Road tolls ²	Not implemented

¹ Tax on short-term rentals to be implemented on or after June 1, 2018, pending the enactment of the short-term rental bylaw.

² In December 2016, Toronto Council voted to explore the option of imposing road tolls on the Gardiner Expressway and the Don Valley Parkway, both of which are owned by the City. In rejecting the City of Toronto's request to levy toll roads, the Province noted that because there were no adequate public transit alternatives to the Don Valley Parkway and Gardiner Expressway, road tolls would have had a disproportionate effect on the most vulnerable in society.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

Implementing revenue measures similar to those that already exist in Toronto could generate significant revenue for York Region. Staff estimate that a Municipal Land Transfer Tax and a Vehicle Registration Tax could generate in the order of \$400 million to \$500 million per year.

Recent amendments to the *Municipal Act, 2001* provided municipalities with new revenue-raising powers, though none address the Region’s fiscal pressures

In 2017, the Provincial government passed two bills: *Bill 127, Stronger, Healthier Ontario Act (Budget Measures), 2017* and *Bill 68, Modernizing Ontario’s Municipal Legislation Act, 2016*. Through these measures, the Province provided additional revenue powers to qualified Ontario municipalities. These new powers include the ability to invest using the Prudent Investor Standard, the potential to levy a Vacant Unit Tax (by way of designation), and the power to levy a Municipal Accommodation Tax (Hotel Tax). Table 4 provides a summary of these new powers.

**Table 4
New Municipal Revenue Powers Granted by the Province**

Power	Detail	Considerations
Prudent Investor	Ability to invest using the Prudent Investor Standard extended to all qualifying municipalities Would allow the Region to diversify its portfolio more broadly, improving its ability to manage risk and invest in financial instruments with the potential for higher returns	Governance structure as proposed needs to be assessed to determine applicability to the Region
Vacant Unit Tax	Designated municipalities be granted authority to levy a vacant unit tax on residential development to discourage speculators who do not occupy the homes, or who leave them vacant for a prescribed period	Administrative costs and data collection challenges may limit positive revenue impact of the tax Revenue stream will likely decline over time
Municipal Accommodation Tax – MAT (Hotels Tax)	Single and lower tier municipalities have the power to levy a MAT	The MAT was not extended to upper tier municipalities

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

While these were welcome changes, they do not address the Region's fiscal pressures. Firstly, the Province requires that qualifying municipalities wishing to invest using the Prudent Investor Standard must establish an investment board and delegate to it the control and management of the municipality's day-to-day investing. A thorough analysis is needed to determine if the additional cost of establishing an investment board could be recovered through a potential incremental increase in returns realized by investing using the prudent investor standard.

Secondly, the Vacant Unit Tax is intended to address affordable housing challenges. The revenue potential of this tax depends on a number of factors including how "vacancy" is defined, the tax rate, enforcement mechanisms, and the assessment value of homes that are deemed vacant. In addition, the vacant unit tax is likely to be a declining source of revenue, as homeowners are expected to occupy or rent out their homes to avoid the tax. In the City of Vancouver, where a vacant unit tax is levied (Empty Homes Tax), the initial implementation costs were \$7.5 million (which increased from their preliminary estimate of \$4.7 million) with operating costs in 2018 of \$2.5 million. Initially the City forecast gross annual revenues of \$2.2 million (and \$700,000 net of administrative costs). However since implementation, that forecast has increased to \$30 million in gross revenues for 2018. As of April 24, 2018 no Ontario municipalities have sought Provincial designation to levy the tax.

Finally, the Municipal Accommodation Tax is a tax on hotels and other short-term rental accommodations. This power is only available to single-tier and local municipalities. The revenue potential for this tax is also expected to be small.

The Association of Municipalities of Ontario launched a campaign urging the Province to increase the sales tax by one percentage point and dedicate it to municipal governments

In August 2017, the Association of Municipalities of Ontario launched the 'Local Share' campaign. It proposed that revenues from a one percentage point increase in the Provincial share of the Harmonized Sales Tax be dedicated to municipal governments to fund infrastructure needs. The Association of Municipalities of Ontario estimates that this could raise \$2.5 billion annually for distribution province-wide.

Soon after the Association of Municipalities of Ontario launched this campaign at their annual conference, Premier Kathleen Wynne, NDP Leader Andrea Horwath, and former PC Leader Patrick Brown rejected the proposal.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

In 2017, the Province announced an enhancement to the Provincial gas tax program

Currently, Ontario's gas tax program provides eligible municipalities with two cents per litre of Provincial gas tax revenues. This revenue can be used to fund transit-related operating and capital expenses. In 2017, the Province committed to increasing the municipal share from two cents to four cents a litre by 2021-22. This will be done gradually – with an increase to 2.5 cents per litre in 2019-20, three cents in 2020-21 and finally four cents in 2021-22.

The Provincial gas tax transfer is allocated to eligible municipalities through a formula based 70 per cent on ridership and 30 per cent on population. For the 2017-18 Provincial fiscal year, York Region is eligible to receive \$16.4 million.

Assuming York Region's share remains at 4.6 per cent of the total province-wide allocation (calculated based on York Region's estimated 2017-18 share), the Region would see its estimated Provincial gas tax allotment increase from \$16.4 million in 2017-18 to approximately \$29.5 million by 2021-22 (Table 5).

Table 5
Estimated Annual Provincial Gas Tax Share for York Region
(\$ Millions)

	2019-20	2020-21	2021-22
Estimated funding	401.3	481.5	642.0
York Region's Share	18.4	22.1	29.5

The 2018 Federal and Provincial budgets did not include substantial new grant funding for municipalities

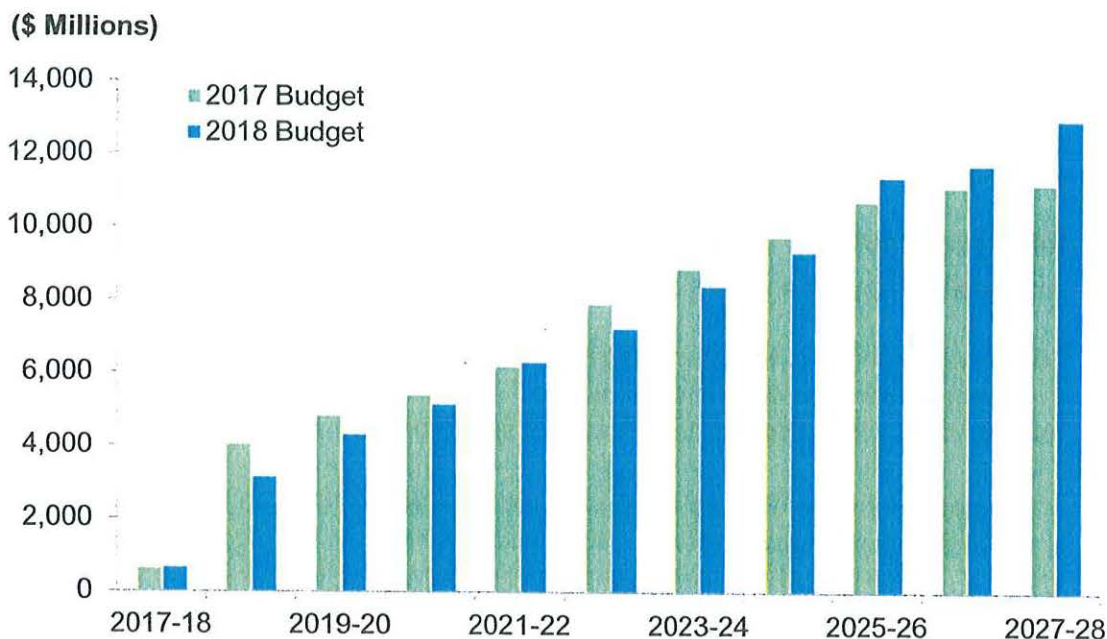
Investing in Canada is a long-term Federal funding commitment that spans multiple terms of government. Through its 2018 budget, the Federal government affirmed its commitment to the \$180 billion Investing in Canada Plan, but re-profiled that funding and pre-2016 (also known as "legacy") infrastructure programs to later years.

Figure 5 below shows the re-profiling under Phase II of the Investing in Canada Plan. The majority of re-profiling occurs in the Public Transit and Green Infrastructure streams. As a result of re-profiling, approximately \$3 billion of spending has been moved from the first eight years to the last three years.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

The Ontario government released its budget on March 28, 2018. The budget outlined new programs and initiatives for health care and child care. It did not include any substantial new funding for municipal infrastructure.

Figure 5
Investing in Canada Plan Phase II – Allocation Re-profile



4. Analysis and Implications

The most significant risk to the Region's future financial sustainability is capital related

Despite the steps that Council has taken towards financial sustainability, the Region continues to face two significant financial risks:

1. Inability to fund all of the needed growth-related investments to support the level of growth envisioned in the Provincial Growth Plan
2. Inadequate funding to meet future asset management needs

The challenge of funding needed growth-related investment stems from three main sources:

- A potential disconnect between actual growth and Growth Plan population forecast
- The limitations of development charges as the principal source of revenue for funding growth-related infrastructure

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

- Rising capital intensity and complexity associated with large infrastructure projects, such as the Yonge Subway Extension, Upper York Sewage Solutions, and the related unpredictable escalation of costs through environmental assessment and other approval processes.

In addition, the Region has a large asset base, which has been growing faster than the rate of population growth. As the asset base ages, it will require major rehabilitation and ultimately replacement. Over this term of Council, the Region has substantially increased contributions to its asset replacement reserves as part of the Regional Fiscal Strategy. Contribution to these reserves will need to continue to grow.

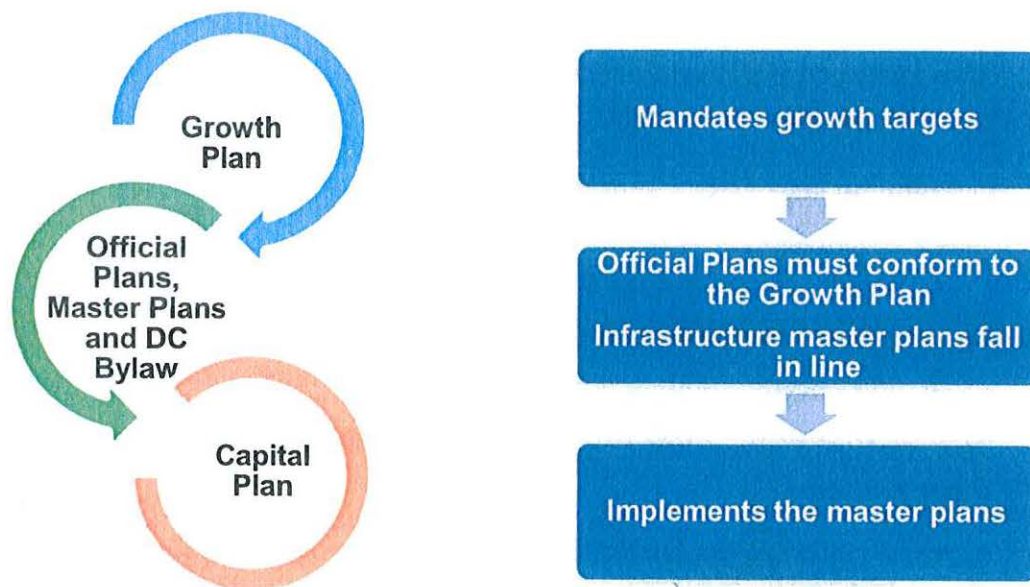
Infrastructure is being built to support the population targets embodied by the Provincial Growth Plan

Municipalities in the Greater Golden Horseshoe are required to conform to the growth targets set out by the Provincial Growth Plan. Due to this legislative regime, there is a cascading effect that has financial implications (Figure 6).

York Region's Official Plan must conform to the Growth Plan, and infrastructure master plans generally include infrastructure needed for the mandated population growth. If the growth contemplated by the Growth Plan does not materialize, municipalities face the risk of stranded debt and under-used infrastructure.

Figure 6

How the growth plan informs the capital plan

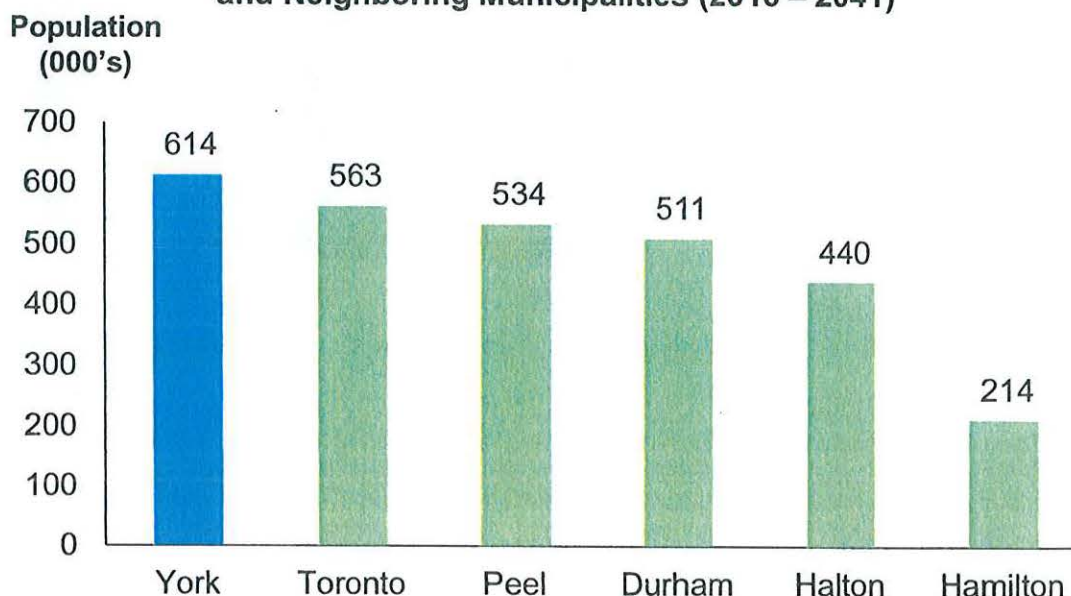


Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

Growth creates opportunities to achieve financial sustainability. High-growth municipalities like York Region tend to have a more robust revenue base and greater fiscal capacity. However, growth also necessitates significant infrastructure investments.

The Growth Plan mandates that the Region grow by 716,000 people and 358,000 jobs from 2011 to 2041. This is the highest level of growth anticipated in the GTHA for any upper or single-tier municipality (Figure 7).

Figure 7
Growth Plan Amendment II Population Growth Projections for York Region and Neighboring Municipalities (2016 – 2041)



Data Source: Growth Plan Amendment II technical addendum, Hemson Consulting Ltd.

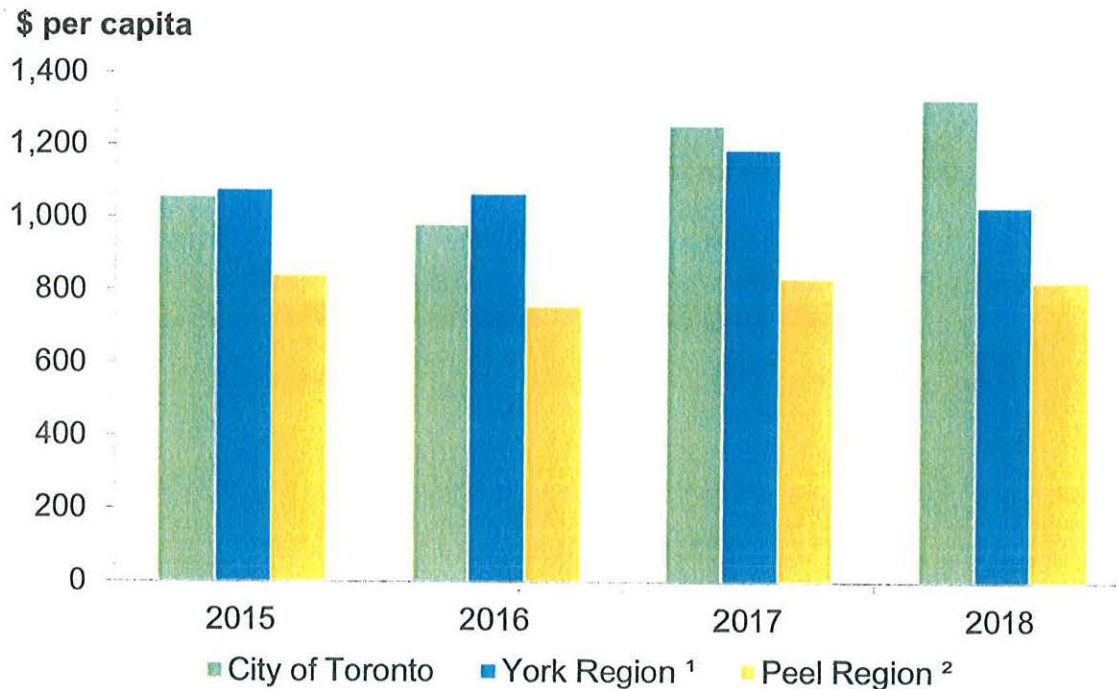
On a per capita basis, York Region's capital budget is similar to that of the City of Toronto

Meeting the needs of growth requires significant capital investment. From 2015 to 2018, on a real per capita basis, York Region and the nine local municipalities' average annual capital budget is approximately 94 per cent of the City of Toronto's and 1.3 times that of Peel Region (upper and lower tier total) (Figure 8). For the budget years 2015 to 2018, approximately 67 per cent of the Region's total capital budget is attributable to the upper tier level.

A municipality's capital budget does not necessarily match its actual capital spending. York Region's (upper tier portion only) capital delivery rate has been improving over the years, and averaged over 80 per cent between 2015 and 2017. According to a 2018 City of Toronto staff report, the spending rate on the city's capital and rate supported budget has consistently averaged 62 per cent.

**Meeting Growth Plan Infrastructure Demands and
Financial Sustainability: 2018 Update**

**Figure 8
2015-2018 Real Capital Budget per Capita (2017 \$)**



Source: York Region and local municipal budgets, City of Toronto Long Term Financial Plan, Ontario Ministry of Finance, CANSIM Tables 051-0062, 326-0021 and 327-0043

¹ Deflated using a mix of Toronto CMA NRBCPI (80%) and CPI (20%) figures. 2018 inflation calculated using average of previous years. 2018 population figures are Ontario Ministry of Finance forecasts.

² Includes local municipal capital budgets.

Compared to the City of Toronto, York Region’s capital budget is more heavily focused on growth-related investments. At the upper tier level, 61 per cent of York Region’s 2018 ten-year capital plan is for growth, versus 17 per cent in the City of Toronto’s 2018-2027 capital plan¹.

As shown in Table 6 below, York Region’s 2018 ten-year capital plan is among the largest in the 905 municipalities.

¹ The City of Toronto divides its capital plan into five categories: growth-related, state of good repair, service improvement, legislated, and health and safety. These additional categories related to service improvement, legislated, and health and safety are significant and may include spending that meets the needs of growth, but is not officially considered ‘growth-related’ by the City in its budget.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

Table 6
2018 Approved Ten-Year Capital Plans among Neighbouring 905 Municipalities

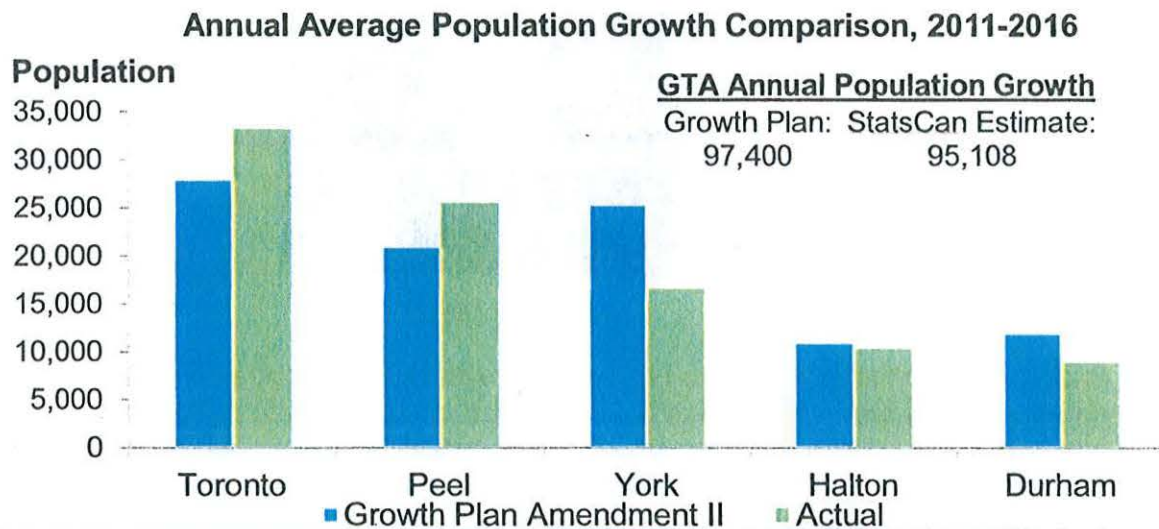
Municipality	Capital Plan (Upper tier only) (\$ Billions)
Peel Region	7.2
York Region	5.9
Durham Region	4.5
Halton Region	4.2

There is a potential disconnect between Growth Plan projections and actual population growth

While the Region has experienced significant growth, the rate of growth has slowed in recent years. From 2011 to 2016, population growth for the Region was only 67 per cent of its Growth Plan target.

From 2011 to 2016, the overall growth for the Greater Toronto Area was modestly less than what was expected by the Growth Plan. However, the distribution of that growth was not what was in the plan (Figure 9). Toronto and Peel have grown at levels exceeding the Growth Plan forecasts, while York, Halton and Durham have been growing more slowly than projected.

Figure 9



Source: Growth Plan Amendment II, CANSIM 051-0062 (Updated February 21, 2018)

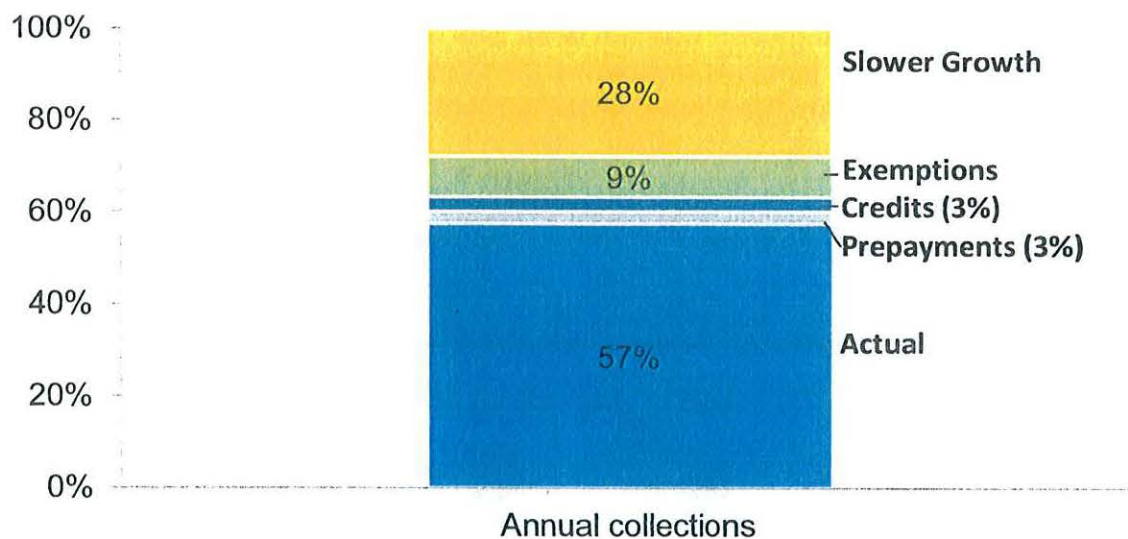
Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

Lower-than-expected growth results in lower-than-expected development charge collections

Development charge collections are highly dependent on the pace of growth. Firstly, the anticipated level of growth is a fundamental input into the development charge rate calculation. In the 2017 and 2018 Development Charge Background Studies, the level of projected growth is consistent with the targets set out by the Growth Plan. In other words, the Region's development charge rates are determined on the assumption that the growth targets set out by the Growth Plan will be realized. Secondly, actual annual development charge collections are a direct function of actual growth as measured by the number of housing units and the total square footage of non-residential development.

From mid-2012 to mid-2017 when the 2012 Development Charge Bylaw was in effect, the Region collected approximately \$1.6 billion in development charges, or approximately 57 per cent of the amount projected in the 2012 Background Study. Slower-than-expected growth is the largest contributor to the shortfall in development charge collections (Figure 10).

Figure 10
York Region Development Charge Collections
2012 background study forecast vs. actuals
(mid 2012 to mid 2017)

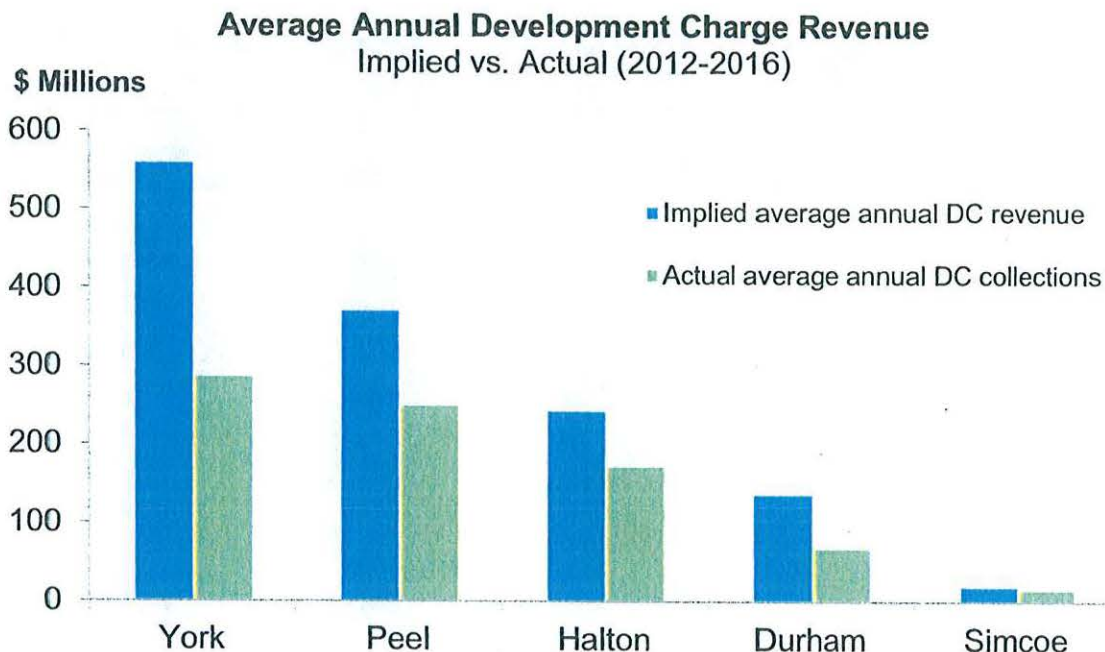


Staff estimate that slower-than-expected growth in residential and non-residential development accounted for nearly 30 per cent, or about \$800 million of the approximate \$1.2 billion in unrealized development charges over the mid-2012 to mid-2017 period. The remaining \$400 million of the \$1.2 billion collection shortfall can be explained by exemptions, prepayments and credits.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

York Region is not alone in experiencing development charge collection shortfalls (Figure 11). Other municipalities face similar challenges.

Figure 11



Even if growth occurs at anticipated levels, development charges cannot fully recover the cost of growth-related infrastructure

Development charges are the primary tool that a municipality uses to pay for growth-related infrastructure. However, the *Development Charges Act, 1997* limits and delays cost recovery through a number of statutory deductions (Table 7).

Due to these limitations, growth-related projects funded through development charges have a direct impact on debt, tax levy and user rates (Table 7). Non-development-charge-recoverable costs create a direct tax levy and user rate pressure, while any deductions that delay cost recovery create a debt pressure.

In addition, development charges only fund the initial capital costs of growth-related infrastructure. The lifecycle and operating costs associated with growth-related infrastructure must be funded through the tax levy and user rates.

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

**Table 7
Limitations of Development Charges**

Non-Development Charge Recoverable Costs	Delayed Recovery of Development Charges	Asset Management Costs	Operating Costs of New Infrastructure
<ul style="list-style-type: none"> • Ineligible services • 10% statutory deduction (for some services) • Benefit to existing deduction • Exemptions 	<ul style="list-style-type: none"> • Post-period benefit • Level of service deductions (for some services) • Development charge deferrals • Exemptions 	<ul style="list-style-type: none"> • Rehabilitation and replacement costs 	<ul style="list-style-type: none"> • Operating and maintenance costs

Impact on:

Tax levy and user rates

Debt

Tax levy and user rates

Tax levy and user rates

The Region has turned the corner on debt, although debt levels continue to remain high

Prior to the 2014 fiscal strategy, the Region’s peak outstanding debt was anticipated to be over \$5.0 billion by 2020. However, as a result of the measures adopted over the last four budget cycles, the total outstanding debt peaked at \$2.9 billion in 2017 and is now falling.

Figure 12 below shows the debt forecast from the 2018 budget. Although debt peaked at \$2.9 billion in 2017, the reduction in debt after 2017 will not be as rapid as had been anticipated in previous budget years, primarily due to a downward revision in forecast development charge revenue.

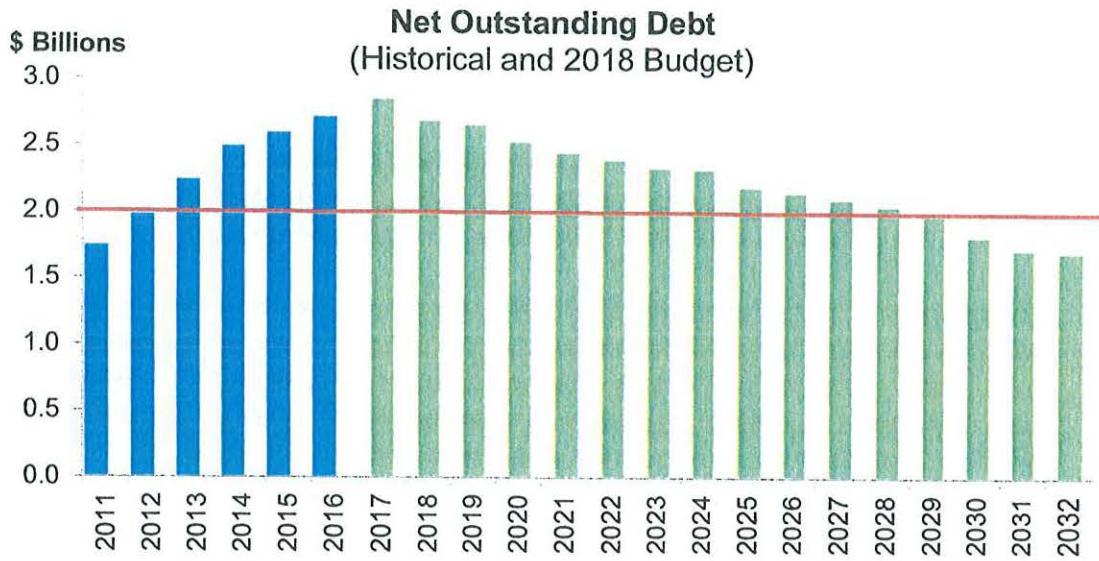
A decreasing debt profile is important because:

- It reduces the Region’s overall financial risk
- It frees up funding that can be spent directly on infrastructure, rather than on debt servicing

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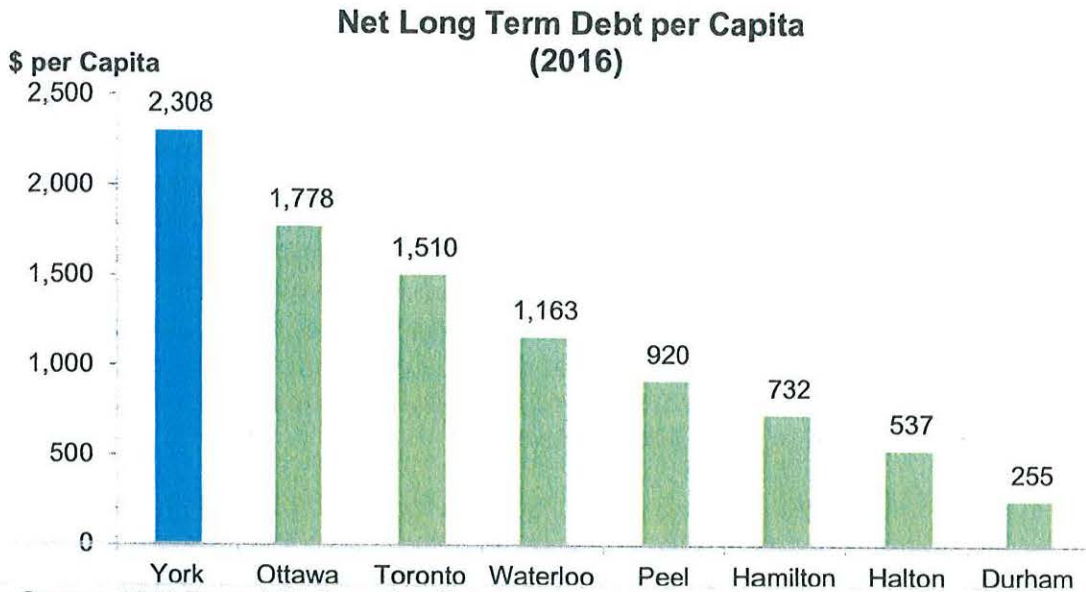
- It is a metric of financial sustainability – credit rating agencies have said that “greater-than-forecast debt” could lead to a potential rating downgrade
- It is expected to help the Region regain a triple A credit rating with S&P Global Ratings
- The Region must comply with the Province’s annual debt repayment limit

Figure 12



While the fiscal strategy has been effective at reducing debt levels, the Region’s overall debt still remains high compared to its peers (Figure 13).

Figure 13



Source: 2016 Financial Information Return

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Approximately 90 per cent of the Region's outstanding debt will be serviced and repaid through development charges. This debt has enabled the construction of the infrastructure needed to support growth. The Region invested approximately \$1.85 billion in water and wastewater infrastructure from 2012 to 2016. This large investment increased debt by 27 per cent during this period. In addition, the higher debt level is a result of the pace of growth in the Region being slower than anticipated, resulting in less development charge collections that could have been used to pay for capital projects directly.

The Region's debt burden constrains spending on growth-related infrastructure

Using current revenue sources, funding growth-related projects above and beyond the Region's ten-year capital plan would mean more debt and could reverse the planned downward trajectory of outstanding debt.

The greatest risk to the capital plan lies with development charge collections, which is an uncertain and variable source of revenue. If development charge collections are significantly less than forecast, the Region may need to reduce or defer planned projects to stay within its debt and tax levy constraints. The Region needs to continue to manage its debt levels, and therefore its capital spending.

The Region's ability to reduce development charge debt while funding additional projects is contingent on achieving the level of growth envisaged by the Growth Plan

Development charge collections service existing development charge debt, and help avoid future debt. From 2013 to 2017 development charge servicing costs averaged approximately \$230 million per year, while development charge collections over the same period averaged \$285 million per year. The amounts above what is needed to pay annual debt servicing costs can be used to fund growth-related infrastructure in the ten-year capital plan without issuing new debt.

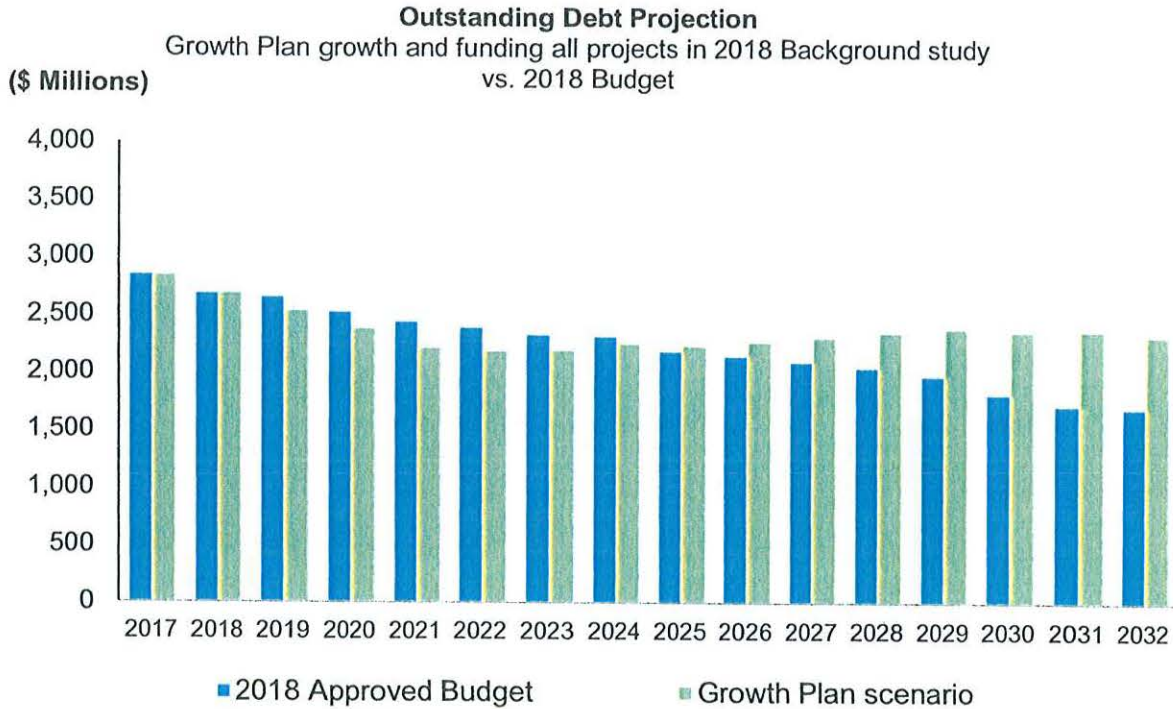
The Region has experienced a period of lower-than-expected growth and lower-than-expected collections. For the purpose of developing the capital budget, staff developed a growth projection that is more in line with historic actuals, which is lower than projections in the Growth Plan and the Development Charge Background Study. If the Region achieves the level of growth envisaged by the Provincial Growth Plan, development charge collections are forecast to be \$850 million higher over the next 20 years (2018-2037) compared to what was projected for the Region's 2018 budget.

However, even if the Provincial Growth Plan forecast comes to fruition, the Region will still be financially constrained to fund all of the projects in the 2018 Development Charge Background Study, which includes an additional \$1.5 billion of growth-related road projects compared to the 2017 Bylaw. As Figure 14

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shows, the Region’s outstanding debt projection, after incorporating the additional roads projects, is still higher than what was expected in the 2018 budget.

Figure 14



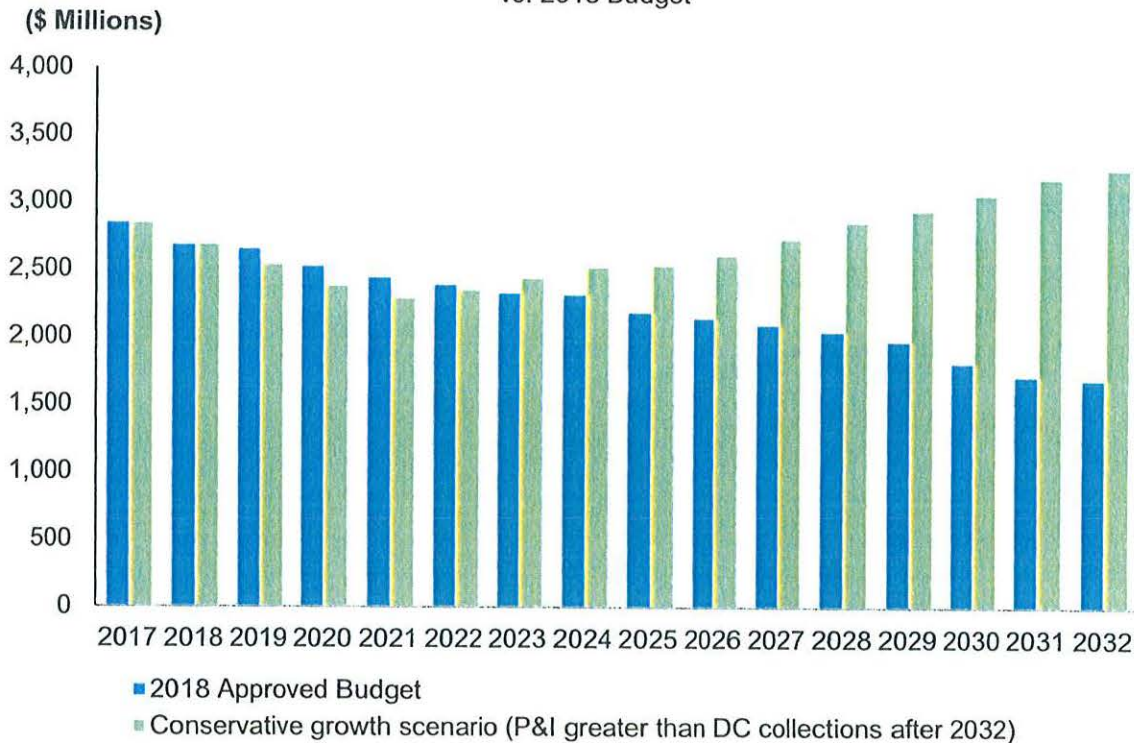
Furthermore, if growth proves to be less than forecast, there will be little to no opportunity to fund additional growth projects without increasing the outstanding debt profile. Figure 15 shows the Region’s outstanding debt projection using more conservative growth estimates. The debt projection in this case exceeds what was anticipated in the 2018 budget after 2023, financially restricting the Region’s ability to add further development charge funded projects.

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Figure 15

Outstanding Debt Projection

Conservative growth and funding all projects in the 2018 Background Study vs. 2018 Budget



Under this scenario, development charge collections would be less than the amount needed for the annual principal and interest payments on development charge debt after 2032. The implication is that the shortfall would have to be drawn from the development charge reserve contingency previously established by Council. On average, the debt servicing costs exceed the development charge collections by roughly \$65 million per year after 2032. This situation results in consecutive development charge reserve draws that eventually deplete the development charge reserve of all its funds around 2037-2038.

An estimated \$60 million annual contribution to a Development Charge Debt Reduction reserve would be required to offset the development charge debt pressure of additional growth-related projects

Staff are exploring the possibility of creating a Development Charge Debt Reduction Reserve that will have similar characteristics to the Region’s Debt Reduction Reserve. The reserve could be used to fund growth projects temporarily to avoid taking on additional development charge debt. Future development charge collections would be used to replenish this reserve with accrued interest.

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A preliminary estimate indicates that the Development Charge Debt Reduction Reserve would require contributions of approximately \$60 million per year. Funds received from new revenue sources could fund this reserve.

The cost of growth-related projects not eligible to be recovered through development charges results in a fiscal pressure of approximately \$69 million per year

Although the majority of the initial capital costs related to growth projects are eligible to be recovered through development charges, there are still substantial costs that are not. Table 8 outlines the municipal costs that are not eligible to be recovered through development charges. These costs consist of both benefit-to-existing development and 10 per cent statutory deduction components of the 2018 Development Charge Bylaw Amendment.

**Table 8
Non-Development Charge Eligible Capital Costs, Excluding Water & Wastewater**

(\$ Millions)	2018 Budget with Development Charge Main List	Full Contingent List B	Total
Total Non-Development Charge Eligible Costs	900	138	1,038
Average Annual Amount	60	9	69

Note: Numbers may not add due to rounding

While tax levy increases of three per cent are sufficient to fund increases in the operating budget, including those related to growth assets, they are not sufficient to pay for these non-development charge eligible initial capital costs.

The Region's asset base is growing much faster than its population

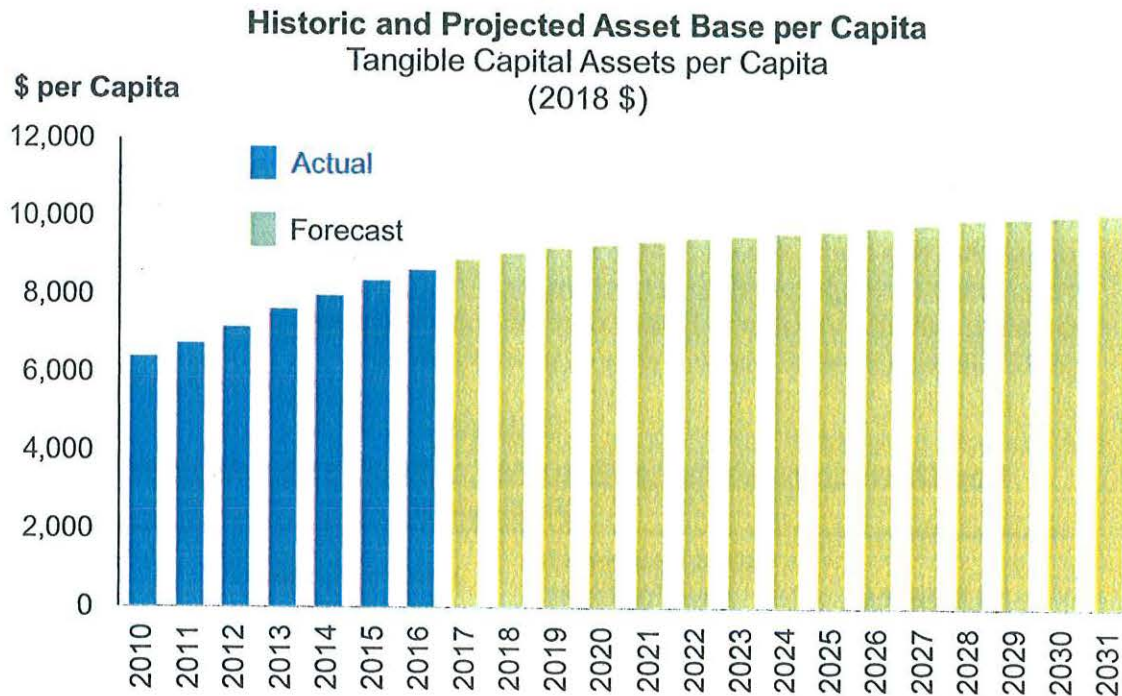
As of December 31, 2016, the Region owns and operates tangible capital assets with a net book value of more than \$7 billion and an estimated replacement value over \$12.3 billion (including Housing York Inc.). This includes \$6.0 billion in water and wastewater assets, \$4.1 billion in transportation assets and \$2.2 billion in other assets.

The Region's asset base is expected to continue to grow significantly as new infrastructure is built to meet the needs of current and future residents. On a per

Meeting Growth Plan Infrastructure Demands and Financial Sustainability: 2018 Update

capita basis, the asset base is expected to grow from roughly \$8,600 per capita in 2016 to \$10,100 per capita by 2031 (Figure 16).

Figure 16



The growth of the asset base is partially a result of the need to invest in major infrastructure, such as water and wastewater infrastructure, well in advance of population growth occurring. Fully funding the asset management needs of large and growing asset base will be a challenge. Staff are developing a Corporate Asset Management Plan, which is expected to be complete in 2018.

Fully funding asset management needs will put pressure on the tax levy

The Government of Ontario recently enacted a regulation (O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure) that requires municipalities to prepare asset management plans. One component of the regulation is that municipalities must identify any funding shortfalls, as defined by the difference between available funding and the cost of delivering proposed levels of service. The Province is providing some funding to small rural and northern municipalities to address funding shortfalls. However, York Region does not meet the eligibility criteria, and staff do not expect the Region to receive a funding provision.

Through the user rates that were approved by Council in 2015, it is anticipated that the asset management needs for water and wastewater infrastructure can be fully funded by user rate reserves.

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For the Region’s other assets, current estimates suggest that an annual average of \$222 million will be required each year from 2019 to 2031 (Table 9) to maintain a state of good repair. It is estimated, however, that an average annual expenditures of \$202 million over the same period can be supported by tax levy increases capped at three per cent, creating a shortfall of approximately \$19 million per year (Table 9). The Region is continuing to develop its asset management plans and refine its estimates of the related financial requirements.

If all of the Contingency List B projects were to be added to the Region’s capital plan, the gap in asset management funding would increase further. While development charges are expected to recover approximately 91 per cent of the initial capital costs of these projects, all of the asset management costs would have to be raised through alternative means. It is currently estimated that \$3 million annually would be required to fully fund the asset management needs of these projects alone, in addition to the \$9 million in initial costs shown in Table 8 above.

Table 9
Summary of the Tax Levy Shortfall Related to Asset Management
(Annual Average Amount)

(\$ Millions)	2018 Budget with 2017 Development Charge Main List	Full Contingent List B	Total
Full asset management needs	222	3	224
Needs supported by tax levy increases capped at three percent	202	0	202
Average Annual Shortfall	19	3	22

Note: Numbers may not add due to rounding.

The full asset management needs incorporate current estimates of asset management requirements for existing assets and growth assets.

**As the Region grows, it will require larger and more complex
infrastructure that is both expensive and challenging to manage**

As the Region continues to urbanize, infrastructure requirements become more complex, often requiring increasingly demanding conditions of Ministerial approval or tri-party agreements. These large infrastructure projects cannot be accommodated through own-source revenues and require third-party funding. Table 10 provides some examples of these future large infrastructure projects.

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**Table 10
Examples of Large Infrastructure Projects**

Project	Estimated cost (\$ Million)
Yonge Subway Extension (construction)	5,100 ¹
Bus Rapid Transit Plan (Metrolinx 2041 Regional Transportation Plan) <ul style="list-style-type: none"> • Highway 7 West BRT Extension (Highway 50 – Helen St.) • Yonge BRT (Richmond Hill, Aurora, Newmarket (19th Ave. – Mulock Dr.)) • Highway 7 East BRT Extension (Unionville GO – Donald Cousens Pkwy.) • Jane North BRT/LRT (Highway 7 – Major Mackenzie Dr.) • Steeles BRT/LRT (Jane St. – McCowan Rd.) • Leslie North BRT/LRT (Highway 7 – Major Mackenzie Dr.) • Major Mackenzie BRT/LRT (Jane St. – Leslie St.) • Major Mackenzie West Priority Bus (Highway 427 – Jane St.) • Major Mackenzie East Priority Bus (Leslie St. – Mount Joy GO) • Green Lane Priority Bus (Davis Dr. – East Gwillimbury GO) • Woodbine Ave. – Steeles Ave. to Major Mackenzie 	5,350 ²
Langstaff Road Extension (crossing the Macmillan CN rail yard)	620

¹ Project costs are as of September 2017. 75 per cent of the Yonge Subway Extension lies in York Region, while 25 per cent lies in the City of Toronto. \$5.1 billion is the current estimate, adjusted to future dollars for the expected years of construction.

² Other than the Yonge BRT (Richmond Hill, Aurora, Newmarket (19th Ave. – Mulock Dr.)) and the Highway 7 East BRT Extension (Unionville GO – Donald Cousens Pkwy.) all projects are in 2017 dollars.

The Region is challenged to fund new rapid transit priorities, including the Yonge Subway Extension and the Bus Rapid Transit Plan

While Metrolinx’s 2041 Regional Transportation Plan acknowledges the Region’s key transit projects, including Yonge Subway Extension and the Bus Rapid Transit Plan, funding details are vague. In the past, bus rapid transit projects in the Region have been fully funded by the Province. However, the Region contributed to the Toronto York Spadina Subway Extension.

The Yonge Subway Extension project is expected to require a Regional contribution along with funding from other levels of government. York Region’s share could be well over a billion dollars.(Table 11).

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**Table 11
Yonge Subway Extension Cost Share Scenarios**

(\$ Billions)	York Region's Contribution Assuming Toronto is NOT paying for its portion	York Region's Contribution Assuming Toronto is paying for its portion
York pays for 33%	1.70	1.28
York pays for 27%	1.38	1.03

Funding a regional contribution from existing revenue sources would put significant pressures on development charge debt and the tax levy.

Federal and provincial infrastructure programs will not likely be enough to address the Region's fiscal challenges

Through its budgets from 2016 to 2018, the federal government committed to invest more than \$180 billion in infrastructure over twelve years. While Phase I investments were focused on near-term projects, Phase II investments will focus on projects with a longer horizon. The federal government has recently finalized a bilateral agreement with Ontario to deliver Phase II infrastructure funding for public transit, green infrastructure, community, culture and recreation infrastructure, and rural and northern communities.

Of the \$81.2 billion Phase II commitment, the Public Transit Stream makes up a significant portion - \$20.1 billion. However, as a result of a ridership-based allocation formula, the Region, with a newer transit system, will receive less than other municipalities with more mature transit systems such as Toronto. The Region will receive a total of \$372 million (\$204 billion from the federal government, with 33 per cent matching funding or \$168 million from the Province), while Toronto will receive a total of \$8.9 billion. The \$372 million in transit funding from the federal and provincial governments would fund about three per cent of the Region's unfunded large transit projects.

To realize these funding opportunities, the Region will be required to contribute the remaining 27 per cent of the funding (i.e., between \$125 million and \$137 million depending on the types of projects to be funded). In the absence of the ability to generate new revenues, the Region will be required to come up with options to fund its contribution such as capital reductions or increases in development charges and tax rates.

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The Association of Municipalities of Ontario 'Local Share' campaign is not likely to generate sufficient revenue to address the Region's fiscal gap

The Association of Municipalities of Ontario is advocating the allocation of revenues from a one per cent increase in the Harmonized Sales Tax to municipalities on a per dwelling unit basis at rates that decline with size of the municipality. This allocation methodology favours smaller municipalities, and does not recognize the infrastructure needs of rapidly growing municipalities. It also disadvantages municipalities with larger household sizes.

Under this methodology, York Region municipalities would receive \$160.6 million annually, or 6.4 per cent of the estimated provincial total. Of this amount, \$82.8 million per year would be for York Region, while \$77.8 million per year would be for the local municipalities. York Region's overall allocation is approximately \$145 per person. This is the 3rd lowest among the 202 single and upper tier municipalities in the province.

The Association of Municipalities of Ontario represents 444 municipalities across Ontario with differing structures, differing levels of responsibility and at different stages of growth. Having a 'one size fits all solution' like the "Local Share" does not address the different financial responsibilities that municipalities face.

The Province is unlikely to cede major fields of revenues to municipalities

Provincial legislation and regulations control the expenditure responsibilities and revenue-generating authorities of municipal governments.

The Province has its own challenges when it comes to program expenditures. Real per capita provincial spending has been declining in most program areas over the past five years. In addition, the Province is facing significant pressures on health care expenditures, particularly as the baby boom generation ages. Staff anticipate that the Province will be reluctant to cede its big revenue generators to municipalities, and that any new revenue-raising powers will require municipal accountability.

Advocating for *City of Toronto Act, 2006* revenue-raising powers may require consistent efforts over a number of years

Staff have consulted with the City of Toronto to better understand the process for advocating for their revenue powers under the *City of Toronto Act, 2006*. The process is likely to take considerable time, and require a consistent and concerted effort. It will also entail several touch points with the Province, Council, local municipalities, neighbouring municipalities, and other stakeholders (including the Building Industry and Land Development Association – York

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Chapter, as well as local residents and business owners). The table below summarizes potential touchpoints with Council.

**Table 12
Future Touchpoints with Council**

Timeframe¹	Touchpoint
Q4 2018	Council transition documents As part of the multi-year budget process
2019	Financial Sustainability update (Council report) As part of the Municipal Comprehensive Review
2020	As part of the 2020 Development Charge Background Study (update)

¹ Timeframe is tentative and subject to change

It is recommended that *City of Toronto Act, 2006* revenue-raising powers be used to address the capital-related fiscal gap

Building growth-related infrastructure to meet the population and employment targets contemplated by the Growth Plan has created capital-related fiscal pressures for the Region. These pressures are three-fold:

- Debt, tax levy and user rate pressures resulting from the upfront costs of building growth-related infrastructure, and the inability of development charges to fully fund those costs
- The inability to fully fund the ongoing lifecycle costs of growth-related assets and existing assets to ensure that they remain in a state of good repair while keeping tax levy increases below three per cent
- The Regional contributions to Federal-Provincial infrastructure projects

Unlike the City of Toronto, which uses revenue-raising powers like the Municipal Land Transfer Tax to help fund its operating budget², staff recommend the Region direct any new revenues derived from *City of Toronto Act, 2006* revenue-raising powers to address its capital-related fiscal gap.

² In the City of Toronto's "Long Term Financial Plan", released in March 2018, one of the recommendations was to reduce the cyclical risk of the Municipal Land Transfer Tax by allocating an appropriate portion of the revenue to capital reserves.

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5. Financial Considerations

The Region is facing a capital-related fiscal gap of over \$220 million per year

Preliminary estimates of the fiscal gap indicate that the Region needs additional revenue of over \$220 million annually to achieve financial sustainability (Table 13). Overcoming this fiscal gap will require new revenue sources. The fiscal gap can be categorized into three groups:

- \$60 million in annual contribution to a Development Charge Debt Reduction Reserve
- \$91 million in annual estimated tax levy shortfall/fiscal gap related to non-development charge recoverable costs and unfunded asset management costs
- \$69 million to \$113 million annually for a regional contribution to Federal-Provincial infrastructure projects, such as the Yonge Subway Extension

**Table 13
Annual Fiscal Gap**

	(\$ Millions)
Annual contribution to development charge debt reduction reserve	60
Tax levy shortfall/fiscal gap	
Unfunded asset management costs	22
Non- development charge eligible costs	69
Regional contribution to Federal-Provincial infrastructure projects	69 to 113
Annual requirement for long-term financial sustainability	220 to 264

The non-development charge eligible capital costs and unfunded asset management costs currently represent one of the greatest financial constraints to the Region. While Council has significantly increased contributions to asset replacement reserves in recent years, additional revenue is required to fully fund these needs in a manner that is consistent with the fiscal strategy, while simultaneously keeping tax levy increases under three per cent per year.

In addition, cost sharing associated with large Federal-Provincial infrastructure projects is expected to put significant debt and tax levy pressures on the Region. In the case of Yonge Subway Extension project, York Region's share could

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range between \$69 million and \$113 million per year depending on Toronto's commitment. This is equivalent to an 8.5 per cent to 14 per cent increase to the Region's 2018 capital budget.

A municipal land transfer tax could raise \$350 to \$430 million per year for York Region and the nine local municipalities

In the City of Toronto, a municipal land transfer tax is imposed on properties purchased in the City and on unregistered dispositions of a beneficial interest in land. Using current City of Toronto municipal land transfer tax rates (which are the same as the Ontario rates), a municipal land transfer tax in York Region could generate \$350 to \$430 million in revenues. This is approximately half of the amount that the City of Toronto has budgeted for its municipal land transfer tax revenue in 2017 (\$716 million).

The majority of the land transfer tax revenue in York Region would be from residential property transactions. Using Toronto Real Estate Board and RealNet data, staff estimate that almost 90 per cent of total property sales value in 2017 involve residential property (land or buildings).

These revenue estimates do not account for the potential impact of a first-time home buyers' rebate. In the City of Toronto, first-time home buyers are eligible to receive a rebate of up to \$4,475 if the property was purchased after March 1, 2017 or \$3,725 if it was purchased before this date. This rebate reduces the revenue potential from a Municipal Land Transfer Tax. Staff estimate that a first time home buyer rebate could reduce annual revenues by approximately \$5 million, assuming a program similar to the City of Toronto's.

A Vehicle Registration Tax could generate an additional \$65 to \$80 million per year depending on the fee

The revenue potential for a vehicle registration tax was estimated by applying an assumed vehicle registration fee of \$100 to \$120 per vehicle per year to the total number of private vehicles registered in York Region on an annual basis. Using this assumption, and applying an administrative fee approximating three per cent of revenue (City of Toronto's administrative costs in 2010), a vehicle registration tax could generate approximately \$65 to \$80 million annually. This amount is expected to grow each year, as vehicle registrations increase at an average rate of 1.6 per cent a year.

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6. Local Municipal Impact

New revenues could be shared with local municipalities

Revenues generated from *City of Toronto Act, 2006* revenue-raising powers, could be shared with local municipalities to address their infrastructure priorities. For example, the amount of revenue shared could be based on the size of capital budget, the value of capital assets owned by the Region and each of the local municipalities, or past capital expenditures.

7. Conclusion

***City of Toronto Act, 2006* revenue-raising powers are needed to enable the Region to grow in a financially sustainable way**

In order to for the Region to continue to build the infrastructure required for growth and address that infrastructure's asset management costs in a financially sustainable way, new revenue sources are needed.

It is recommended that Council continue to advocate for all *City of Toronto Act, 2006* revenue-raising powers, including a municipal land transfer tax and a vehicle registration tax.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Bill Hughes
Commissioner of Finance

Bruce Macgregor
Chief Administrative Officer

April 27, 2018

8213018

Accessible formats or communication supports are available upon request

The Regional Municipality of Durham

MINUTES

DURHAM TRAIL CO-ORDINATING COMMITTEE

May 3, 2018

A meeting of the Durham Trail Co-ordinating Committee was held on Thursday, May 3, 2018, in Meeting Room 1-B, Main Level, Regional Headquarters, 605 Rossland Road East, Whitby, at 7:01 PM.

Present: T. Clayton, Chair, Brock
J. Back, Local Councillor, Scugog
J. Ballinger, Regional Councillor, Uxbridge
D. Carter, Regional Councillor, Oshawa
S. Collier, Regional Councillor, Ajax
K. Jones, Vice Chair, Oshawa
G. Lodwick, Local Councillor, Brock
I. McDougall, Scugog
D. Pickles, Regional Councillor, Pickering
P. Smith, Uxbridge

Absent: D. Carter, Regional Councillor, Oshawa
A. Mujeeb, Pickering
Joe Neal, Regional Councillor, Clarington
D. Pickles, Regional Councillor, Pickering
E. Roy, Regional Councillor, Whitby
M. Weist, Ajax

Staff

Present: S. McEleney, Transit Planner, Planning and Economic Development
Department
K. Reinink, Public Health Nurse, Healthy Living, Health Department
C. Tennisco, Committee Clerk, Corporate Services – Legislative
Services

1. Adoption of Minutes

Moved by J. Back, Seconded by G. Lodwick,
That the minutes of the regular meeting of the Durham Trail Co-
ordinating Committee held on February 1, 2018, be adopted.
CARRIED

2. Declarations of Interest

There were no declarations of interest.

3. Presentations

A) Deanna Cheriton, Supervisor, Greenspace Conservation, re: Toronto and Region Conservation Authority (TRCA) Trail Update

D. Cheriton, Supervisor, Greenspace Conservation, provided a PowerPoint presentation with an update on the Toronto and Region Conservation Authority (TRCA) trail planning. She advised that the most common way people interact with TRCA's natural and cultural heritage is through a trail experience.

Highlights of the presentation included:

- Why do we need a Trail Strategy?
- What does the Trail Strategy provide?
- Durham Regional Trails Concept
- What are the Benefits of the Trail Strategy?
- Profile of TRCA Trail Initiatives:
 - Goodwood Resource Management Tract (RMT) Trail Plan Maps
 - The Meadoway

D. Cheriton provided an overview of the TRCA Trail legacy. She explained how the TRCA is working with their partners to grow the legacy of the Greater Toronto Trail Network; and, to connect the Oak Ridges Moraine and the Niagara Escarpment to the Lake Ontario shoreline through trails.

D. Cheriton responded to questions regarding the reforestation of the Goodwood Resource Management Tract; how to secure permission for a trail to cross private property; initiatives to link the Toronto and Region Conservation Authority (TRCA) individual trail maps; future trail connectivity of the Meadoway, a 16 km hydro corridor, from Toronto to Scarborough; and the opportunities for the Conservation Authorities to provide trail connectivity from Scarborough to Scugog.

B) Bruce McDonald and John Fisher, Durham Mountain Biking Association (DMBA), re BUILD, RIDE, RESPECT, Dagmar North Trail

Bruce McDonald and John Fisher, Durham Mountain Biking Association (DMBA), provided a PowerPoint presentation with an update on the Dagmar North Trail improvements. B. McDonald stated that the DMBA is comprised of 1,100 members and explained that the Association advocates for mountain bikers, organizes events, and build sustainable trails.

B. McDonald stated the Toronto and Region Conservation Authority (TRCA) is working with DMBA to find a permanent access solution that is safe, enjoyable, and cost effective to the Dagmar North Trails.

B. McDonald stated that the DMBA in partnership with the TRCA are asking Durham Region to help unlock the land, via a new trail (build 100% by DMBA) to gain trail access. He explained that the existing Dagmar Trails (Glen Major) parking lot is well over capacity, particularly in the warmer months, and that the cars park on Concession Road #7 and the parking situation is creating safety issues. The TRCA has asked Durham Region for additional parking and inquired whether approvals would be required for the additional parking location.

The DMBA is requesting that Durham Region help the TRCA and DMBA to get safe access to the forest, as follows:

1) In the short term:

- Permission for a new Trail on Lake Ridge Road and parking on the side road (Uxbridge / Pickering Townline Road); and
- At zero \$ cost to Durham Region; just the permission

2) In the longer term:

- A plan for a turn lane, into Dagmar property, during the reworking of Lake Ridge Road so the TRCA can create a parking lot.

B. MacDonald and J. Fisher responded to questions regarding whether it is legal to cycle along a roadway; and, the approvals required to make the Dagmar Trail happen.

Discussion ensued on how the property of Dagmar inherited its name; and the potential for the Toronto and Region Conservation Authority (TRCA) to build an education centre in the Town of Clarendon.

Moved by Councillor Ballinger, Seconded by P. Smith,

That we recommend to Committee of the Whole for approval and subsequent recommendation to Regional Council:

That the request of the Durham Mountain Biking Association regarding a letter of support for a new Trail on Lake Ridge Road along with parking on the side of the road allowance of an unopened municipal boundary road, at zero cost to Durham Region, be endorsed, as this reflects the goals of the Region of Durham for active transportation.

CARRIED

C) Anthony Caruso, Senior Planner, Transportation Planning, Planning and Economic Development, re: Durham Region Cycling Initiatives Update

A. Caruso, Senior Planner, provided a PowerPoint presentation update titled, "Durham Region Cycling Initiatives" outlining the 2018 Ontario Bike Summit and Transportation Planning Cycling Initiatives.

Highlights of the presentation included:

- 2018 Summit
 - The Provincial Cycling network has been finalized (9,800 km)
 - CycleON Action Plan 2.0 was released
 - Cycling Skills: Ontario's Guide to Safe Cycling has been updated to reflect *Highway Traffic Act* amendments and new best practices
 - Next round of Ontario Municipal Commuter Cycling (OMCC) funding is expected soon
 - The Minister of Transportation mentioned that going forward, all MTO bridges being replaced will include the appropriate active transportation facilities.
- Transportation Planning Cycling Initiatives
 - Review of Roles and Responsibilities
 - Regional Cycling Plan Update
 - Plan of Action for Regional Cycling Plan (RCP) Update

A. Caruso advised that further initiatives include Share the Road workshops focusing on cycling in Durham Region, and, identifying actions for a more bicycle friendly community. He noted that during Bike Month, May 28, 2018 to June 30, 2018, community events also being promoted include the 25th Annual Ride for the Rouge; Bike to Work Day; and the Oak Ridges Trail Association Adventure Relay.

A. Caruso responded to questions regarding how regional staff converse with the local area municipalities; funds committed specifically for cycling; and addressing municipal pinch-points to improve cycling connectivity.

Discussion ensued with respect to future opportunities for DTCC to interface cross-knowledge with the Regional Works' Department and local Active Transportation Advisory Committees; and the potential for shared-use paths in Durham Region along pipeline corridors.

K. Reinink, Public Health Nurse, Healthy Living, provided an overview of the Health Department's initiatives to adapt active transportation and encourage students to walk or cycle to schools within the Region of Durham. This includes promoting programs such as, Active and Safe Routes to School; Helmet Safety; and Bike to School Week.

4. Discussion Items

- A) Memorandum from Derek Davies, Planning Analyst, Transportation Planning, Planning & Economic Development – re: Smart Commute Durham - Bike Month & Bike to Work Day
-

A copy of the Memorandum from Derek Davies, Planning Analyst, Transportation Planning, Planning and Economic Development Department, was received as Attachment #2 to the agenda.

Moved by Regional Councillor Ballinger, Seconded by G. Lodwick,
That the Memorandum from Derek Davies, Planning Analyst, Transportation Planning, Planning and Economic Development Department, re: Smart Commute Durham - Bike Month & Bike to Work Day be received for information.

CARRIED

- B) Regional Trail Network (RTN) Map
-

A copy of the Regional Trail Network map was provided as Attachment #3 to the agenda. S. McEleney advised that the 2018 Regional Trail Network Map is a guiding document of the DTCC's Technical Working Group and also depicts proposed future trails, outside of the official Durham Region Trails guide.

S. McEleney provided an overview of the proposed changes to the Regional Trail Network since the approval of the last RTN map update in 2015.

Detailed discussion ensued with respect to the addition of the Beaver River Trail; the Goodwood Tract connecting to the Rouge National Urban Park; the Canterbury Common Loop; and the Oak Ridges Trail.

Chair Clayton stated that unbuilt paths are indicated by a dotted line on the RTN map; and he clarified that a Regional Trail Network is required to provide a link between municipalities, along the Waterfront Trail, for example.

Moved by Councillor Ballinger, Seconded by K. Jones,
That we recommend to the Committee of the Whole for approval and subsequent recommendation to Regional Council:

That the revised Draft 2018 Regional Trail Network Map be adopted.

CARRIED

5. Information Items

There were no items of information to consider.

6. Other Business

A) Jane's Walk - Durham Region 2018

Committee members were invited to partake in the 2018 Jane's Walk event to be held on May 6, 2018. The walk provides citizen-led walking tours exploring the municipalities within Durham Region and the goal is to get people showcasing and talking about the communities they live in. Details are available on the Jane's Walk Facebook page.

B) UxCycle – September 23, 2018

Councillor Ballinger announced that Uxbridge is inviting residents to ride and celebrate the second annual UxCycle event to be held on Sunday, Sept 23, 2018, at Elgin Park, in the Township of Uxbridge. The event will consist of road and mountain bike routes for all abilities, in a family friendly environment with great music, vendors and local food.

C) Request to Create an Active Transportation Committee in the Township of Uxbridge

P. Smith advised that Suzanne Kershaw, Trudy Leddsham and himself spoke at the Township of Uxbridge Council meeting held on March 26, 2018 on the need to create an Active Transportation Committee of Council. He noted that staff was directed by their Council to create a Terms of Reference for an Active Transportation Committee.

D) Presentation at the May 8, 2018 Durham Agricultural Advisory Committee (DAAC) meeting

I. McDougall advised that at the May 8, 2018 Durham Agricultural Advisory Committee he will be providing a PowerPoint Presentation regarding the Durham Active Transportation Advisory Committee and the potential for future collaboration between DAAC and the DTCC/DATC on "Share the Road" discussions and synergies between slow moving vehicles, bikes and farm vehicles.

E) Vision Zero – Timing of Traffic Signal for Active Transportation

K. Jones updated the Committee on his discussions with Steven Kemp, Manager, Traffic Engineering and Operations, Works Department, in regards to adjusting the signal timing of the traffic lights in the City of Oshawa to permit pedestrians and cyclists to safely cross the intersections. Discussion followed on the demographics of the

intersections; rethinking of the speed per second crossing time; and the use of a Leading Pedestrian Interval to give pedestrians a head start when entering an intersection.

7. Next Meeting

The next regularly scheduled meeting of the Durham Trail Coordinating Committee will be held on Thursday, September 13, 2018, in Room 1-B, Regional Headquarters Building, 605 Rossland Road East, Whitby, at 7:00 PM.

8. Adjournment

Moved by K. Jones, Seconded by P. Smith,
That the meeting be adjourned.
CARRIED

The meeting adjourned at 8:59 PM.

T. Clayton, Chair,
Durham Trail Coordinating Committee

C. Tennisco, Committee Clerk

If you require this information in an accessible format, please contact 1-800-372-1102 ext. 2097.

The Regional Municipality of Durham

MINUTES

ACCESSIBILITY ADVISORY COMMITTEE

Tuesday, May 22, 2018

A meeting of the Accessibility Advisory Committee was held on Tuesday, May 22, 2018 in Meeting Room 1-A, Regional Headquarters Building, 605 Rossland Road East, Whitby at 1:10 PM.

Present: M. Sutherland, Oshawa, Chair
S. Sones, Whitby, Vice-Chair
C. Boose, Ajax
A. O'Bumsawin, Clarington
M. Roche, Oshawa

Absent: R. Atkinson, Whitby
S. Barrie, Clarington
M. Bell, DMHS
D. Campbell, Whitby
Councillor J. Drumm

Staff

Present: A. Gibson, Director of Corporate Policy and Strategic Initiatives
L. Talling, Program Coordinator – Tourism, Economic Development & Tourism left the meeting at 1:50 PM
J. Traer, Accessibility Coordinator, Office of the Chief Administrative Officer
N. Prasad, Committee Clerk, Corporate Services – Legislative Services

1. Declarations of Interest

There were no declarations of interest.

2. Adoption of Minutes

This item was not considered due to a lack of quorum.

3. Presentations

A) Lori Talling and Don Terry, 2019 Ontario Parasport Committee regarding the 2019 Ontario Parasport Games

L. Talling and D. Terry, 2019 Ontario Parasport Committee, provided a PowerPoint presentation with regard to the 2019 Ontario Parasport Games.

L. Talling stated that the Ontario Parasport Games is one of five multi-sport games delivered by the Ministry of Tourism, Culture and Sport Games Ontario program. She stated that the 2019 Ontario Parasport Games will be hosted in Durham from February 8 to 10, 2019 and will consist of 300 to 360 athletes. She also stated that there will be over 100 attendants and 200 volunteers, in addition to hundreds of friends and family.

D. Terry stated that the following 10 sports will be included in the games:

- Para Alpine
- Boccia
- Goalball
- Para Ice Hockey
- Para Nordic
- Sitting Volleyball
- Wheelchair Curling
- Visually Impaired Curling
- Wheelchair Basketball
- 5-A-Side Soccer

D. Terry advised that there will be a 100 Days Out Celebration on November 1, 2018 in addition to Opening Ceremonies, an Athlete Opening Night Dinner, and an Athlete Celebration. He also provided an overview of the Games Organizing Committee.

L. Talling and D. Terry advised that the committee has adopted the hashtag “Paramazing” and has committed to focusing on the following: athlete experience; accessibility; sustainability; medal design contest; school program; volunteers; partnerships; community engagement; and legacy plans for the 2019 Ontario Parasport Games.

L. Talling and D. Terry provided a brief video presentation to the Committee.

Discussion ensued with regards to the recruitment process for volunteers; offering the try it program to businesses and organizations before the event; ways to encourage participation of municipalities; and ways for the committee to support the event.

4. Correspondence

There were no items of correspondence to consider.

5. Information Items

A) Education Sub-Committee Update

Due to a lack of quorum, Item 5. A) was deferred to the June 26, 2018 AAC meeting.

B) Update on the Transit Advisory Committee (TAC)

M. Roche and M. Sutherland stated that there was a lack of quorum at the TAC meeting held on May 15, 2018 but the following items were briefly discussed:

- DRT Specialized Services Eligibility Appeal Panel Review Process
- 2018 Service Implementation and Outreach
- 2018 Fare Initiatives and Youth Outreach
- PRESTO
- Communications Campaign
- Update – Shoppers Drug Mart Availability
- Customer Etiquette Campaign

C) Update from the Accessibility Coordinator

Due to a lack of quorum, Item 5. C) was deferred to the June 26, 2018 AAC meeting.

6. Discussion Items

A) AAC Terms of Reference

Due to a lack of quorum, Item 6. A) was deferred to the June 26, 2018 AAC meeting.

7. Reports

There were no Reports to consider.

8. Other Business

There were no items of Other Business.

9. Date of Next Meeting

The next regularly scheduled meeting of the Accessibility Advisory Committee will be held on Tuesday, June 26, 2018 in Meeting Room 1-A, Regional Headquarters Building, 605 Rossland Road East, Whitby, at 1:00 PM.

10. Adjourment

The meeting adjourned at 2:51 PM

M. Sutherland, Chair
Accessibility Advisory Committee

N. Prasad, Committee Clerk