



The Regional Municipality of Durham

COUNCIL INFORMATION PACKAGE

February 17, 2023

Information Reports

[2023-INFO-14](#) Commissioner of Finance – re: The Consolidated Budget Status Report to November 30, 2022, and Full Year Forecast

Early Release Reports

There are no Early Release Reports

Staff Correspondence

There are no Staff Correspondence

Durham Municipalities Correspondence

There are no Durham Municipalities Correspondence

Other Municipalities Correspondence/Resolutions

There are no Other Municipalities Correspondence/Resolutions

Miscellaneous Correspondence

1. [Ministry of Transportation Ontario](#) - re: Correspondence dated January 31, 2023, regarding Project Update – Highway 401 Westbound Pavement Rehabilitation/ Simcoe Street Bridge and Albert Street Bridge Replacements, Detail Design and Class Environmental Assessment Study
2. Durham Regional Police Services Board – Public Agenda [Tuesday, February 21, 2023](#)

Advisory / Other Committee Minutes

There are no Advisory/Other Committee Minutes

Members of Council – Please advise the Regional Clerk at clerks@durham.ca, if you wish to pull an item from this CIP and include on the next regular agenda of the appropriate Standing Committee. Items will be added to the agenda if the Regional Clerk is advised by Wednesday noon the week prior to the meeting, otherwise the item will be included on the agenda for the next regularly scheduled meeting of the applicable Committee.

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The Regional Municipality of Durham Information Report

From: Commissioner of Finance
Report: [#2023-INFO-14](#)
Date: February 17, 2023

Subject:

The Consolidated Budget Status Report to November 30, 2022, and Full Year Forecast

Recommendation:

Receive for information

Report:

1. Purpose

1.1 The following summary on the status of the 2022 Consolidated Budget and Full Year Forecast for the General Tax Operations, Water Supply and Sanitary Sewer Systems is based upon information supplied by the Regional Departments, a review of the financial statements to November 30, 2022, and preliminary results for December. Forecasting is challenging at the best of times, but we are in times of extreme uncertainty. It is important to note that there are many assumptions needed to produce the forecast.

2. Significant Factors Impacting Regional Operations During 2022

2.1 As noted in the Economic Updates provided by the Finance Department, the economic environment has had impacts on the local economy. Regional programs have not been immune from the impacts of the inflationary environment and the availability of goods and services due to supply chain issues. Costs of these considerations have been incorporated into the full year forecast.

2.2 In addition, the tight labour market with record low unemployment rates have presented hiring challenges for many Regional Departments. Increased vacancy rates and the lengthening time to recruit and select qualified staff has resulted in a significant increase in staff gapping, and surpluses in the personnel cost accounts. The budgets are based upon the approved complement in order to ensure a balanced approach.

2.3 The Long-Term Care and Services for Seniors division of the Social Services Department and the Health Department have continued to experience increased staffing costs due to COVID-19 response and vaccination efforts. The financial

forecasts for these departments anticipate full cost recovery from Provincial funding.

- 2.4** The more recent introduction and passing of Bill 23 – More Homes Built Faster Act, 2022, and any financial impacts of the new legislation have not been identified separately in the forecast at this time. Much of the financial impact is expected to occur in future years, but the uncertainty created by this legislation has resulted in staffing vacancies remaining open for longer periods in 2022.

3. Budget Status Summary – Regional Operations

- 3.1** An overall surplus is forecast for Regional property tax supported operations for 2022, as indicated in the following table:

	<u>Surplus/(Deficit)</u>
	<u>\$</u>
Social Services	6,100,000
Health and Paramedic Services	450,000
Works – Tax Levy	(6,825,000)
Planning and Economic Development	1,500,000
Corporate Services	(1,758,000)
Office of the Chief Administrative Officer	350,000
Finance	1,500,000
Police Services	-
Durham Region Transit	3,900,000
Corporate Items and Other Initiatives	<u>(4,150,000)</u>
Overall General Tax Surplus	<u>1,067,000</u>

4. General Tax Operations

4.1 Social Services Department

Long-Term Care and Services for Seniors

- The Long-Term Care and Services for Seniors Division advises that a surplus position of approximately \$1,000,000 is anticipated for the year, resulting from a number of contributing factors.
- The Province has implemented an Enhanced COVID-19 Action Plan for Long Term Care facilities which includes more testing, strengthened infection prevention control measures and training, a steady supply of personal protection equipment, and increased staffing levels. COVID-19 response

related costs of approximately \$12.1 million are estimated for 2022 with provincial funding anticipated offset these extraordinary costs.

- However, staffing shortages, along with the inability to attract individuals to long-term care positions, are being experienced in all Homes, resulting in a favourable variance of approximately \$1,850,000 in personnel related costs. Despite this position, the Homes continue to adhere to the required service levels and COVID-19 protocols to ensure the safety of residents.
- Recruiting efforts across all four homes are anticipated to result in an estimated deficit of \$150,000 in the administrative area due to the use of professional services to assist in the attraction and hiring of staff. Use of new hiring practices, such as an employee referral bonus of \$500 for a successful hire, are being utilized to attract new employees.
- The Temporary Retention Incentive for Nurses Program introduced by the province provides lump sum payments of up to \$5,000 for eligible full-time nurses and prorated payments of up to \$5,000 for eligible part-time and casual nursing staff in the Long-Term Care division. Approximately 300 Long Term Care nurses have been deemed eligible for this program, with the costs fully funded by the province.
- Expenses for education and training, agency personnel, building and equipment maintenance are anticipated to be \$820,000 over budget. The increase is due to training costs for staff, backfilling of staff vacancies with agency personnel and inflationary cost increases for operating materials and supplies, medical supplies, personal protective equipment, and infection control costs experienced in sourcing building materials and equipment parts.
- Food costs have been impacted by inflationary pressures; however, these cost increases have been offset by a reduction in the number of residents (in accordance with covid protocols), which has attributed to a net savings in food costs. Overall savings on food and other operational costs at all four homes are anticipated to produce a surplus of approximately \$210,000. Staff have reported issues in obtaining certain food items such as nutritional supplement beverages, and other food products such as peanut butter through supplier channels.
- Increased per diem subsidy funding announcements from the Province subsequent to the approval of the Regional Business Plans and Budgets is anticipated to provide an additional \$350,000 of revenue during the year.
- Revenue from preferred accommodation is anticipated to be under budget by approximately \$475,000 due to ongoing resident vacancies and a decrease in the number of beds for which the preferred rate is applied. Under the Provincial funding model, the Region retains the additional preferred revenue earned. Other miscellaneous revenues are expected to be under budget by \$115,000.

- The Adult Day program has experienced a decline in participants due to the COVID-19 Pandemic and has recently begun patient intake. Staff had been redeployed to other areas as part of the COVID-19 response. The planned Regional contribution will be below budget, resulting in a surplus of approximately \$150,000.

Family Services Division

- The Family Services Division is projecting a surplus of \$300,000. Estimated savings in staff costs due to vacancies and gapping are approximately \$550,000. Miscellaneous program costs are expected to be under budget by \$25,000. These savings are partially offset by a reduction of program revenue of \$275,000 due to the continued impact of COVID-19 on counselling activities.

Income and Employment Support Division

- The Income and Employment Support Division is projecting a surplus of \$2,300,000 for the year.
- While the Income Support caseload decreased during the pandemic, the average monthly Ontario Works caseload is now trending higher by 6.5% over the prior year's average caseload. While the province funds most of the program costs, a portion of the discretionary program is funded from property taxes. At this time, based on the expenditures to date, a break-even position in the discretionary program is currently projected for the year.
- The 2022 service contract for the administration of Durham's Ontario Works program has been approved by the Province, with funding being in line with Regional budget expectations.
- However, as a result of staff vacancies and the difficulty in filling positions, along with additional expense reductions in personnel related costs, the Ontario Works (OW) Program Delivery budget is projected to be in a Regional surplus position of \$3,500,000.
- Client-related expenditures in the Ontario Works Employment Support accounts have increased compared to pandemic lows but continue to trend below budget due to the relatively lower caseload compared to that experienced pre-pandemic. A surplus of \$150,000 is forecast for the year. Savings in all other expense categories, such as training and facility costs, of \$150,000 are anticipated at year end.
- An unbudgeted refresh and modernization of the office space at 140 Commercial Avenue, Ajax, estimated at approximately \$400,000, was approved and will be funded from available 2022 divisional surplus. Costs associated with the provision of a warming centre in the Town of Ajax to serve vulnerable people, estimated at approximately \$100,000, were approved to be funded from program savings.

- The division has identified the utilization of \$1,000,000 from the 2022 forecasted surplus for use in addressing pressures related to Ukrainian refugee relief. This funding is in addition to the provision of \$1,000,000 as approved in Report 2022-A-22 (noted below under Other Initiatives), due to the greater than anticipated number of refugees arriving in Durham.

Emergency Management and Program Support Services

- The operations of the Emergency Management and Program Support Services sections are expected to be in a break-even position for 2022, with staff savings being offset by increased expenditures related to temporary accommodation supports for Ukrainian refugees and costs related to the May wind-storm response.

Children's Services

- The Children's Services Division is currently tracking to budget and anticipates a break-even position for the year.
- The roll-out of the Canada Wide Early Learning and Child Care (CWELCC) initiative as outlined in Report 2022-SS-06, with the related unbudgeted funding of \$41.5 million, has continued. Spending has increased significantly in the last quarter and an estimated \$39 million has been committed based on the number of licensees that have opted into the program. It is anticipated that the balance of funding will be utilized to support sites experiencing an operating deficit or reallocated to other Child Care programs within the prescribed CWELCC funding flexibility guidelines.
- Emergency 24/7 childcare was provided in early 2022 for eligible participants in essential services who were impacted by COVID-19 measures at a cost of \$417,000, with offset funding from the Province.

Housing Services

- The Housing Services Division reports that expenditures continue to track below budgeted expectations, with a projected surplus of \$2,500,000.
- Savings of \$300,000 are anticipated in the Social Housing Administration area because of time lags in filling staff vacancies.
- Payments to external social housing providers, a portion of the Community Housing Program budget, are presently tracking approximately \$3,025,000 under budget due to lower than anticipated Rent Geared to Income subsidies, benchmarked operating costs, and property taxes.
- The Durham Regional Local Housing Corporation (DRLHC), the Region's own housing provider, is projecting a deficit of approximately \$825,000. Cost overages for the year, primarily from winter grounds maintenance and building maintenance and repair are anticipated at \$450,000. Vacancy losses are project to result in an additional \$375,000 deficit as units being rehabilitated

due to tenant turnover have been impacted with supply chain issues resulting in delays to the rehabilitation beyond prior timeframes expected.

- Provincial Social Services Relief Fund (SSRF) Phase 5 funding of \$2,800,000 was received to support operating and capital expenses to mitigate the continued impact of the COVID-19 pandemic on the homelessness sector, to be used by December 31, 2022. The objectives of SSRF Phase 5 funding include enhanced safety in emergency shelters and other congregate care settings, addressing short-term, critical needs of vulnerable individuals through the provision of various forms of assistance (e.g., emergency financial, food security, and mental health and addiction services), and the creation of long-term housing solutions, including more affordable and supportive housing. The funding is fully committed for 2022.

Overall, a surplus position of \$6,100,000 is projected for the Social Services Department for the year.

4.2 Health Department

Public Health

- Public Health is reporting a break-even position for 2022.
- Operational savings currently being experienced due to staff vacancies and leaves in the mandatory programs will be utilized to support any overages in the department's continued response to the COVID-19 pandemic and with the delivery of vaccination programs. In 2022, the province has approved 100% one-time subsidy of \$3.2 million for COVID-19 general support and approximately \$14.6 million for COVID-19 vaccination costs. Under the provincial funding formula, this one-time subsidy can only be used for costs in excess of the approved annual budget.
- The Temporary Retention Incentive for Nurses Program introduced by the province provides lump sum payments of up to \$5,000 for eligible full-time nurses and prorated payments of up to \$5,000 for eligible part-time and casual nursing staff. Approximately 345 Health department nurses have been deemed eligible under this program, with the costs fully funded by the province.

Paramedic Services

- The Region of Durham Paramedic Services division is reporting an estimated surplus of approximately \$450,000 for the year.
- Personnel costs are anticipated to exceed budget by \$60,000. Savings in full time staff costs are offset by the need for increased overtime, due to continued COVID-19 response, offload delays experienced at emergency rooms, and Workers Safety Insurance claim costs.

- The delivery of 100% funded Community Paramedic programs is being impacted by the ability to recruit staff to deliver these services. Services are being delivered to the community with a scaled back scope of operations due to staffing availability.
- Fuel costs have been impacted by increased prices and it is estimated that a fuel pricing deficit of \$550,000 may be experienced by year end. It is also estimated that costs related to vehicle repairs will exceed budgeted estimates by approximately \$250,000.
- Savings of in the range of \$250,000 are anticipated for training costs, conferences, and other operational accounts. However, these savings are offset by additional operating costs in the amount of \$440,000 in program lines such as communications, supplies and medical care.
- The 2022 provincial subsidies for RDPS approved by the Province exceed budgeted estimates by \$1,500,000. These subsidy amounts are confirmed after the Region's budget is produced annually.

The net result for the Health Department is a projected surplus of \$450,000 for 2022.

4.3 Works Department

Transportation and Other General Tax Programs

- The Works Department reports that as of the end of November overall revenue and expenditures for the Transportation and other General Tax programs are projected to be in a deficit position of approximately \$5.5 million for the year, primarily arising from the following factors.
- The Winter Maintenance program is forecasted to exceed budgeted amounts, primarily due to several significant storm events in early 2022 and the heavier snowfalls in December this year. The program has also been materially hit by increases in the prices of three primary materials used in snow clearing - salt, brine, and fuel. At this point, a deficit of \$4.2 million is anticipated.
- The Roadside Maintenance program is projected to exceed budget by approximately \$700,000, primarily due to inflationary cost pressures experienced in contracted services such as mowing, culvert maintenance catch basin repairs, asphalt repairs and shoulder grading.
- Traffic Programs, including signal maintenance, signs, pavement lane line marking, are experiencing inflationary costs for materials and contracted services and a deficit of \$900,000 is anticipated.
- Staffing vacancies and the difficulty in attracting qualified staff to fill positions are anticipated to provide savings of approximately \$500,000.

- Emergency bridge deck strengthening and repair to increase load carrying capacity for the Smith Bridge on Sanford Rd. (Reg. Rd. 11) between Concession 2 and 3, in the Township of Uxbridge have been undertaken, with the estimated costs for the emergency works of approximately \$200,000.

Solid Waste Management

- The Solid Waste Management Division is projecting a \$1,325,000 deficit position for 2022 based on the following factors:
- The impact of contract price adjustments and fuel pricing in the Collection, Processing, Haulage and Disposal programs are anticipated to result in a deficit of approximately \$1,575,000.
- Personnel cost savings in the by-law and support areas are estimated at \$600,000, primarily from staff vacancies and time lag in filling positions, professional fees, advertising, and communication activities.
- In addition, inflationary costs related to haulage and other costs at waste management facilities, including transfer station operations, are anticipated to experience a deficit of approximately \$150,000.
- It is anticipated the increased revenue from electricity production and sales of materials from Durham York Energy Centre will be offset by increased waste by-pass costs, resulting in a deficit of approximately \$85,000.
- Increased prices in the early part of 2022 realized on sale of recyclable materials from the diversion program are anticipated to provide a surplus of approximately \$370,000 to the end of the year. This revenue source has experienced significant decrease in prices for commodities in the third quarter. An additional \$15,000 surplus is being realized from the industry subsidy of the diversion programs.
- Additional system deficiencies in the sprinkler system at the Region's Material Recovery Facility have been identified. An emergency was declared to repair all deficiencies in the system including repairing the two remaining original systems and the standpipe and equipment/platform systems given the present condition and risk of failure. Estimated costs for this emergency work is anticipated to require \$500,000 of additional funding. Total estimated costs for this work are \$1,424,000.

Overall Works Department is anticipating a deficit of \$6,825,000.

4.4 Planning and Economic Development Department

- The Planning division has realized savings of \$1,300,000 from vacancies experienced during the year. Following the enactment of Bill 23, the More Homes Built Faster Act, hiring activities were paused, resulting in the savings on staffing and personnel related costs.

- The Economic Development and Tourism division is anticipating savings of \$200,000, as a result of staff vacancies (\$100,000) and program spending under Business Development for lead generation, in-market representation, and business travel (\$100,000). All staffing positions have been filled and there are currently no vacancies.
- At this time, a surplus of approximately \$1,500,000 is projected for the Planning and Economic Development Department.

4.5 Corporate Services Department

- The Information Technology division is anticipating a deficit of \$900,000 due to greater use of temporary staff and agency personnel to support operations, as well as higher than anticipated costs of annual software licenses renewals.
- Human Resources has experienced significant numbers of staff on leave and vacancies, primarily due to retirements. In addition, support of the recruiting and hiring of vacancies experienced throughout the Region has increased pressures on the division and resulted in increased use of agency staff. It is estimated that the division will experience a deficit position of \$300,000 for 2022.
- Legislative Services reports there will be savings of approximately \$700,000 for personnel costs due to the timing of filling vacant positions in the Council Services and Information Management sections. Savings in the printing and staffing related areas, such as training, are also being recognized.
- Expenditures of Service Durham, the division responsible for the implementation and operation of my Durham311, are projected to be under budget for 2022. As the operations are funded from the Innovation and Modernization reserve fund, a break even position is reported for the year.
- The Legal Services Division is anticipating a breakeven position for the year.
- The Provincial Offences Act (POA) program is anticipated to provide net revenue of \$200,000 versus the budgeted net revenue of \$1,458,000, resulting in an anticipated deficit of \$1,258,000 for the year. The number of POA charges filed during the pandemic dropped significantly from pre-pandemic times, and extensions to fine due dates on POA charges have impacted revenues as well. The shortfall in revenues has been partially offset by savings in the Court Services and the Default Fine Collections programs, due to the reduction in cases and corresponding decrease in related Provincial fees. The costs associated with the download of certain Prosecution responsibilities from the Province, as well as the costs to upgrade court equipment, have been absorbed within the budget for the year.
- Overall, a deficit of \$1,758,000 is expected for the Corporate Services Department. While responsibility for the Legal Services and POA programs

has recently shifted to the Office of the CAO, the status of the programs will be reported under the Corporate Services Department for 2022.

4.6 Office of the Chief Administrative Officer

- The programs reporting under the CAOs Office anticipate savings of approximately \$350,000 due to the timing of filling vacancies and savings in operational activities.

4.7 Finance Department

- The Finance Department is projecting a surplus of approximately \$1,500,000 for the year, attributable to staff turnover and the time required to fill vacant positions and from investment management earnings.

4.8 Police Services

- As of November 30, 2022, the Police Service is forecasting year end results to be close to budgeted level. For the eleven months ending November 30th, net spending of \$189.18 million (2021-\$191.31 million) represents approximately 81% (2021-86%) of the annual operations budget of \$233.32 million (2021-\$223.19 million).
- The salary related savings arising due to position vacancies is offset by increased spending in the following areas: overtime, benefit costs supporting injured and retired workers, and fuel costs. Additionally, impacts from the July 2022 fire at the Clarington property represents unplanned expenditures to the Police Service budget. The amount and timing of costs, and the offsetting insurance proceeds, are still being assessed.
- Also, due to the timing of vehicle orders and challenges with budget pre-approvals in an election year, a provision for replacement vehicle purchases has been factored in for 2022 to change the timing of approvals going forward.

4.9 Durham Region Transit

- During the course of the COVID pandemic, DRT implemented a number of service modifications to adjust to ridership demands, postponed certain planned service changes, enhanced bus cleaning and maintenance, and introduced several initiatives to bring riders back to transit. These changes have produced savings in 2022 in the following areas:

Reduction in staffing costs	\$2,300,000
On Demand & Specialized services	\$400,000
Vehicle servicing	<u>\$450,000</u>
Projected savings	<u>\$3,150,000</u>

- In addition, route maintenance services, including snow and ice removal, required in order to keep bus stops and shelters safe for DRT riders, is expected to be in a surplus position of approximately \$200,000, as fall weather conditions were more favourable than expected.
- Discretionary spending in areas such as office supplies, advertising, software licenses, equipment rentals, conferences, printing costs and other purchased services is anticipated to provide approximately \$1.2 million in savings in 2022.
- Despite the service modifications and resultant savings, there continues to be considerable price pressure related to fuel. To November, the average cost per litre in 2022 was approximately \$1.67, compared to a budgeted price of \$1.05 per litre. Due to this significant price pressure, the price variance is forecasted to reach \$3.8 million by year-end. However, this fuel price deficit is being offset by the service adjustments, with the volume of fuel consumed lower than expected, leading to \$1.2 million in savings. Overall, it is anticipated that a deficit in the fuel accounts will be \$2.6 million in 2022.
- Cost pressures for contracted services for Whitby and the North have resulted in a 3.5 per cent increase in expenditures related to this service. As such, a \$300,000 deficit is expected.
- A surplus in fare revenue of approximately \$1,650,000 is anticipated for 2022. Ridership has gradually increased from the low levels experienced in the prior years, and to November, revenue is trending higher than budget, mainly due to Presto revenues. In addition, a surplus of \$550,000 is anticipated for UPASS revenue, as 2022 enrolment numbers at the post-secondary institutions are higher than the budgeted levels. Overall, operating revenue is expected to be in \$2.2 million surplus.
- The net position for DRT from the revenue surplus and expenditure impacts is a \$3.9 million surplus. However, there is a risk associated with Safe Restart funding expected in 2022. Cost containment measures and more robust revenues realized in 2022 may impact the recovery financing expected by approximately \$1.3 million. If this materializes, DRT will be in a \$2.6 million surplus position in 2022 when compared to overall budgeted expectations.

4.10 Corporate Items and Other Initiatives

- The rising interest rate environment experienced in 2022 has resulted in investment returns exceeding the budgeted expectations. While much of the favourable investment returns are attributed to the development charges, reserve funds and capital accounts, the surplus earnings associated with the Regional property tax supported operations exceed the budget revenue by an estimated amount of \$9.5 million.
- The following major initiatives have been approved subsequent to approval of the 2022 Business Plans and Budgets and require funding from property tax sources:

- | | |
|---|---------------------|
| <ul style="list-style-type: none"> • A contribution toward the Lake Scugog Enhancement Project (LSEP) to reduce the ecological decline of Lake Scugog, as the LSEP aligns with the Region's strategic plan environmental sustainability objective to protect the environment for the future by demonstrating leadership in sustainability and addressing climate change (Motion of Council June 29, 2022). | \$1,200,000 |
| <ul style="list-style-type: none"> • Detailed site investigation work to support advancing the building and site development for the restoration and redevelopment of the former Ritson Public School (Report 2022-COW-18). | \$550,000 |
| <ul style="list-style-type: none"> • Contribution to support individuals and families arriving in Durham via the Canada-Ukraine Authorization for Emergency Travel (Report 2022-A-22). | \$1,000,000 |
| <ul style="list-style-type: none"> • Design and replacement of uninterrupted power supply at regional headquarters | \$1,000,000 |
| <ul style="list-style-type: none"> • Retention of architectural design and contract administration services to build an expedited 200-bed long-term care home in Seaton, City of Pickering | <u>\$9,900,000</u> |
| <p>Total</p> | <u>\$13,650,000</u> |
- The total estimated impact of the Corporate Items and Other Initiatives for 2022 is a deficit of \$4,150,000.

5. Water Supply and Sanitary Sewer Systems

Water Supply Operation

- 5.1** The Works Department reports that expenditure variances are being experienced in various Water Supply programs but that there are overall operational savings. A number of programs report issues with attracting and hiring for vacancies, resulting in savings in the personnel accounts. Inflationary pressures are being experienced, particularly in the cost of chemicals and utilities for the water supply plants. Service contracts with external agencies and materials needed for programs such as watermain cleaning and repairs and water connection services have been impacted by supply chain issues and inflationary impacts. Overall, a surplus of approximately \$2,100,000 is anticipated for operational programs.
- 5.2** Emergency substation upgrades have been required at the Oshawa Water Supply Plant as a result of an electrical failure. Preventative work was also undertaken

due to concerns with the second unit with costs estimated at approximately \$750,000 to cover pre-work studies, acquisition and installation of transformer equipment, and rental of a transformer unit until the new units are installed.

- 5.3** The net excess financing on capital projects completed and closed during 2022 is returned to the applicable reserve fund or user rate sources from which the financing was originally drawn. In 2022, there is approximately \$7.6 million of excess user rate financing being returned to the water supply operations.
- 5.4** To the end of November, water consumption is trending marginally higher than that of the same period for last year. While growth in the number of water customers at approximately 1 per cent is in line with the estimated growth for 2022, residential consumption is down on a year over year basis, despite the relatively dry summer. However, consumption from the non-residential industrial, commercial, and institutional (ICI) sectors is returning to pre-pandemic levels and is trending higher than budgeted estimates. The combination of these factors is expected to result in an estimated water supply user rate revenue surplus of \$1,400,000 (1.2% of budget) for 2022.
- 5.5** Overall, a surplus position of \$10,350,000 for the water supply system is anticipated at this time.

Sanitary Sewer System

- 5.6** The Works Department projects that the current operational expenditures for the Sanitary Sewer system are anticipated to produce a surplus position of approximately \$2,200,000 by year end. Vacancies and related salary savings, primarily due to vacancies in the Engineering and Staff Support and Facilities Management areas, are anticipated to contribute approximately \$1,700,000 toward this projected surplus. Operational savings are expected for a number of accounts, particularly in sludge haulage and disposal. However, service contracts with external agencies and materials required for programs, such as cleaning and repairs to maintenance holes and sewer connections, have been impacted by the inflationary environment and supply chain issues. Cost pressures are also arising in the utilities and chemical accounts for the plant operations. These non-personnel expenditures are anticipated to be in a net surplus position of \$500,000 for the year.
- 5.7** The net excess financing on capital projects completed and closed during 2022 is returned to the applicable reserve fund or user rate sources from which the financing was originally drawn. In 2022, there is approximately \$9.4 million of excess user rate financing being returned to the sanitary sewer operations.
- 5.8** Similar to water supply user revenues, the sanitary sewer charges from the residential sector are lower than expected, and billings to the ICI sectors are also returning to pre pandemic levels. A surplus position of \$1,950,000 is anticipated for sanitary sewer user revenue for 2022 representing approximately 1.6% of budgeted user revenue.

5.9 Overall, a net surplus position of approximately \$13,550,000 is anticipated for the sanitary sewer system.

6. Relationship to Strategic Plan

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

- **5.3 - Demonstrate commitment to continuous quality improvement and communicating results:**
Durham Region is committed to continuous quality improvement and using data and information to make evidence-informed decisions. We will support transparency and accountability by providing clear and consistent communication and sharing of results with the community.
- **5.4 - Drive organizational success through innovation, a skilled workforce, and modernized services:**
The Region will attract and retain a skilled and diverse workforce that embraces innovation and is committed to delivering modernized services that respond to changing expectations and fiscal realities.

7. Conclusion

7.1 Based on the available information to the end of November, surplus positions are forecast for General Tax Operations and the User Rate Supported Water Supply and the Sanitary Sewer Systems. Supply chain issues, inflationary impacts, continued covid-19 response actions, and labour market issues have impacted the financial results for 2022 and are expected to continue into 2023.

7.2 Forecasting is challenging at the best of times, but in these times of extreme uncertainty, it is even more so. It is important to note that there are many assumptions needed to produce the forecast and that actual year end results may differ from the results noted above.

Respectfully submitted,

Original Signed By _____

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance



January 31, 2023

Mr. Reid McGregor
Manager, Transportation Design
Regional Municipality of Durham
605 Rossland Rd. E.
P.O. Box 623
Whitby ON
L1N 6A3

Sent via e-mail to Reid.McGregor@durham.ca

**Re: Project Update
Highway 401 Westbound Pavement Rehabilitation /
Simcoe Street Bridge and Albert Street Bridge Replacements
Detail Design and Class Environmental Assessment Study
G.W.P. 2164-19-00**

Dear Mr. McGregor:

WSP was retained by the MTO to complete the Detail Design and Class EA Study for Highway 401 westbound pavement rehabilitation (approximately 22 km) and replacement of three (3) bridge structures in the City of Oshawa and Municipality of Clarington, Regional Municipality of Durham. Following study commencement in 2017, the Detail Design was divided into the following four construction contracts:

- **Contract 1:** Pavement rehabilitation of the Highway 401 westbound lanes from approximately 1.4 km east of Holt Road to 0.5 km east of Bennett Road (5.9 km), and the replacement of the Highway 401 Bennett Road bridge structure.
- **Contract 2:** Pavement rehabilitation of the Highway 401 westbound lanes from 2.1 km west of Courtice Road to approximately 1.4 km east of Holt Road (6.8 km).
- **Contract 3:** Pavement rehabilitation of the Highway 401 westbound lanes, from 0.9 km west of Stevenson Road Interchange easterly to 0.3 km west of Simcoe Street (2.3 km) and from Drew Street easterly to 2.1 km west of Courtice Road (5.2 km), and rehabilitation of the Highway 401 Oshawa Creek Bridge Structures.
- **Contract 4:** Pavement rehabilitation of the Highway 401 westbound lanes from 0.3 km west of Simcoe Street, easterly to Drew Street (1.0 km), replacement of Highway 401 bridge structures at Simcoe Street and at Albert Street and the extension of Highway 401 westbound on-ramp at Drew Street.

Contracts 1 to 3 have been completed and Contract 4 is now underway. The location



of the proposed works for Contract 4 is shown within the enclosed key plan.

The completion of Contract 4 has followed the approved environmental planning process for Group 'C' projects under the Class Environmental Assessment for Provincial Transportation Facilities (2000). Group 'C' projects are considered approved under the *Ontario Environmental Assessment Act*, subject to compliance with the Class EA and the application of mitigation measures where necessary will be included in the contract package.

Construction for Contract 4 is expected to commence in Spring 2023. The Simcoe Street bridge will be replaced over two years, with the Albert Street bridge construction and pavement rehabilitation of the Highway 401 westbound lanes from 0.3 km west of Simcoe Street, easterly to Drew Street (1.0 km) to follow in year 2. Construction for both bridges is anticipated to take a total of two (2) years to complete.

Two (2) separate, overnight closures of Highway 401 will be required for removal of the Simcoe Street bridge in stages. The Albert Street Bridge will be replaced in 2024 and Albert Street will be closed at Highway 401 for the duration of one construction season (May to October). It is anticipated that the closures will be scheduled on weekends, during off-peak hours (Saturday 11:00 p.m. to Sunday 7:00 a.m.). Upon confirmation by the Contractor, Highway 401, Simcoe Street, and Albert Street traffic will be detoured locally along the adjacent municipal road network during the closures. The details of the timing of closures and detours will be communicated by the Contractor.

This letter is also to inform you that the Ministry of Transportation (MTO) has reviewed and updated its practices related to obtaining noise bylaw exemption permits. Given that MTO is legally exempt from the requirements of municipal noise bylaws, MTO will no longer be applying for these permits.

MTO recognizes the impacts construction related noise can have on a community, and all reasonable attempts will be made to work within local bylaws, including as appropriate, public notification and mitigation measures to reduce noise. This change in process is meant to streamline processes while continuing to maintain existing best practices to reduce noise impacts to the community.

If you have any questions about Contract 4, please contact one of the individuals noted below.

All comments and information will be collected in accordance with the *Freedom of Information and Protection of Privacy Act*.

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Sincerely,

Gary Drennan
Consultant Project Manager
WSP

- cc: Rod Bolahood, Regional Municipality of Durham, Environmental Services - Design Division
- Nathaniel Andres, Regional Municipality of Durham, Project Engineer
- Steven Kemp, Regional Municipality of Durham, Manager
- Elaine Baxter-Trahair, Regional Municipality of Durham Chief Administrative Officer
- Brian Bridgeman, Regional Municipality of Durham, Commissioner of Planning and Economic Development
- Margaret Pak, MTO, Environmental Planner
- Lina ElSetouhy, WSP, Consultant Environmental Planner

Attachments: Key Plan

