



## Staff Report

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<b>Report To:</b>	Special General Government Committee		
<b>Date of Meeting:</b>	February 24, 2020	<b>Report Number:</b>	FND-002-20
<b>Submitted By:</b>	Trevor Pinn, Director of Finance/Treasurer		
<b>Reviewed By:</b>	Andrew C. Allison, CAO	<b>Resolution#:</b>	#GG-123-20, C-064-20
<b>File Number:</b>		<b>By-law Number:</b>	
<b>Report Subject:</b>	2020 Operating and Capital Budget		

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### Recommendations:

1. That Report FND-002-20 be received;
2. That Council approve the 2020 Operating and Capital budgets, including “external agencies” as outlined in the 2020 Draft Budget Book, at an estimated tax levy impact of 1.83%, exclusive of tax policy impacts, as directed in FND-002-20;
3. That Reserve and Reserve Fund contributions and new Reserve/Reserve funds be approved as shown in the 2020 Draft Budget Book;
4. That the financing of capital projects, as outlined in the attached documents, be approved;
5. That any cash flow shortfall in the Development Charges Reserve Funds be interim financed from the Municipal Capital Works Reserve Fund and General Municipal Reserve Fund, to be repaid with interest, as cash flow permits;
6. That Report FND-002-20 be adopted by resolution in accordance with provisions of Ontario Regulation 284/09 of the *Municipal Act, 2001*;
7. That the appropriate by-laws to levy the 2020 tax requirement for Municipal, Regional and Education purposes be forwarded to Council for approval, once final tax policy information is available; and
8. That all interested parties listed in Report FND-002-20 and any delegations be advised of Council’s decision.

## Report Overview

The purpose of this report is to provide necessary information to Council in order to approve the 2020 Capital and Operating Budgets. The report includes several important components and the Budget Book provides specific details. There are significant capital considerations for 2020 that further enhance the Municipality's capital infrastructure. The Budget is continuing to carry out the principles and objectives of these important Council priorities. The 2020 Capital and Operating Budget will consider these items, along with a new Strategic Plan to be adopted later this year.

## 1. Background

### 2020 Draft Budget and Levy Impact

- 1.1 This year's "Clarington Budget 2020: A vision for a strong community" was released to Council and the public on February 7, 2020. This year's budget book takes on a new format as the Municipality moves to align budget communication practices with best practices in the sector. The Budget was also placed on our website and has been advertised through social media accounts.
- 1.2 In September 2019, Council directed Staff to bring forth a budget for 2020 with a target municipal levy increase of 2.0%. Staff worked diligently to meet that target. The draft budget, including proposed new staffing, increased reserve fund transfers and maintaining service levels was reached with a 1.83% municipal levy increase.
- 1.3 The average residential property assessment for 2020 is approximately \$390,700 (2019 - \$367,632). A 1.0% increase in the tax levy would be approximately \$14.64 annually (2019 - \$14.14) on the property tax bill on the average assessment. As a result of the proposed budget the average municipal increase is \$26.79.
- 1.4 A 1% increase in the levy translates into approximately \$598,200 in additional revenue (2019 - \$567,600) to the Municipality.
- 1.5 The Province of Ontario has released its rates for education taxes. In 2019, the education portion on the average assessment would have been \$592 this is anticipated to increase to \$598. The Province's rates are determined by looking at the assessment base for the whole Province and determining the amount needed to be raised for education. A single rate is applied across the Province for residential taxpayers.
- 1.6 The Region of Durham's Budget will be presented to Regional Council in late February. It is anticipated that the impact to the Clarington taxpayer will be lower than the average Durham resident as the assessment base in the other municipalities is higher than in

Clarington. It is anticipated that approximately 50% of the total property tax bill will still be related to the Region of Durham; however, at this time it cannot be confirmed.

### **Items for Council Consideration**

- 1.7 The budget book included a list of items for consideration on page 33. These items may have been deferred by Staff in order to meet the 2.0% target or brought forth by members of Council and the public for consideration.
- 1.8 Items for consideration include approximately \$439,500 in operating costs and \$1,830,000 in capital costs. If all these items were to be included there could be an additional 3.93% to the tax levy; however, this could be mitigated through use of development charges (where allowed) or reserve and reserve funds (where feasible).
- 1.9 An item not included on this list was an increase to the Future Staffing Reserve Fund. It may be desirable, depending on Council's direction with potential new firefighters, that the contribution to this reserve fund be increased by \$125,000 to \$375,000. This \$125,000 increase represents an increase of 0.21% or \$3.06 to the levy.

## **2. Tax Rate Stabilization**

- 2.1 Historically, Clarington has drawn on our Rate Stabilization Reserve Fund approximately \$800,000 per year.
- 2.2 In 2019, the general draw was decreased by \$200,000 to \$600,000 with a specific draw for forestry being added. The intention was to transition the reliance on the reserve fund to balance the budget generally towards a more specific use for "one-time" items. This was anticipated to take four years.
- 2.3 In order to maintain the 2.0% target, a reduction in the transfer from the Tax Rate Stabilization Reserve Fund was not proposed in 2020.
- 2.4 The balance in the Tax Rate Stabilization Reserve Fund is sufficient to withdraw the proposed \$600,000.

## **3. Tax Policy Changes**

- 3.1 A long-term strategic tax policy plan was initially approved in 2002 by the Region of Durham (who has legislative authority over tax policy), that may have an impact on final tax rates. The 2020 update is anticipated was presented to Regional Finance and Administration Committee in February 2020. Any tax ratio changes impact upon the relative share of the total taxes that each property class pays. A copy of the Region's report is attached marked Attachment 1.

- 3.2 The 2020 report included a recommendation that the Region not implement a reduced tax rate for the first \$50,000 of assessment on small-scale value-added commercial activities on farms, which was announced by the Province in 2018. This recommendation was due to the limited impact to taxpayers (a total of seven properties in all of Durham Region with a total assessment of \$315,000) and the administrative costs of implementation.
- 3.3 The 2020 report also addressed a request from Whitby for the Region to match support for a heritage property tax rebate. The Region is only allowed to create a program in a municipality that already has a program; therefore, the Region's program would be limited to Ajax (2 properties), Whitby (30 properties) and Oshawa (8 properties). It was recommended that the Region not match any of the local heritage property tax rebate programs at this time as the Region has an objective of treating similar properties in a similar fashion across the whole region.
- 3.4 Additionally, Clarington is affected by tax policy decisions made on the education side by the Province of Ontario. This stems from municipalities retaining the education portion of eligible payment in lieu (PIL) properties such as Ontario Power Generation. In the 2008 Provincial Budget, a provincially mandated reduction in the industrial education rate was announced. The rate has not been announced for 2019. This could result in tax policy impacts of lost revenue to Clarington which will be incorporated into the final tax rate by-law.

## **4. Staffing Requests**

- 4.1 This year, Department Heads are making the following requests:
- Planning Services – (a) convert contract Planner I to full-time Planner I (\$20,900); and (b) convert full-time Clerk I to full-time Planner II (\$24,900)
  - Community Services – (a) new full-time Aquatic Programmer (\$80,800); and (b) new part-time Customer Service Programmer (\$51,400)
  - Operations – (a) temporary worker extensions (two additional months) for five staff (\$42,950); and (b) convert part-time Clerk II to full-time (\$19,600)
  - Clerks – new full-time Municipal Law Enforcement Coordinator (no levy impact)
  - Emergency & Fire Services – four full-time firefighters (\$318,400)
- 4.2 Finance, Legal, Corporate Services and the CAO's Office have not requested any additional staff for 2020.

- 4.3 The specific rationale provided by the departments in support of these requests is set out in Attachment 2 to this Report. The compensation figures shown above and in Attachment 2 include salaries and benefits (if applicable).
- 4.4 All of the staffing requests have been vetted having regard for the recommendations contained in the Grant Thornton Organizational Structure Review Report. In the opinion of staff, none of the requests with or will prejudice the Municipality's ability to implement any of the recommendations in that report. The one exception is in relation to Emergency & Fire Services (Recommendation #22). Grant Thornton has stated that "our recommendation is that an external review of the fire suppression service delivery model (i.e. the number and composition of staffing, number of firefighters per truck on calls) be completed".
- 4.5 Included in the proposed budget for 2020 are all of the above positions except for the four full-time firefighters. As mentioned above, the inclusion of the four firefighters prior to the results of the staffing review, which is included in the 2020 Budget, could prejudice the results. The four firefighters have been included on the Council Consideration list on page 33 of the 2020 Draft Budget.

## **5. Operating Budget Commentary**

- 5.1 The 2020 Draft Budget Book provides summary information for all the changes in the operating departments and sub-departments. This information was provided to ensure that Council was aware of the projected change from 2019.
- 5.2 Significant changes to operating includes the movement of forestry related expenses to the Operations Parks sub-department level. This consolidates expenses that may have been in parks, roads and ditching to one activity within the Parks sub-department.
- 5.3 A significant increase has also been proposed for winter control which better aligns the budget with the actual spend over the past several years. The increase is mainly in materials and supplies and relates to sand and salt.
- 5.4 We have reviewed revenue accounts and adjusted to better reflect what the Municipality estimates to be achievable. This includes an increase to investment income to better reflect the interest earned on our investments, but also includes decreases in certain programs or Planning Department revenues which are anticipated to result in less revenue than in 2019.

## **6. Capital Budget Commentary**

- 6.1 The total capital budget investment of \$28,672,886 utilizes approximately \$7.6 million of development charges, \$4.2 million of new debenture funds, \$7.4 million of reserve funds, \$463,979 from reserves and \$804,904 from external financing sources (grants). Over

55% of the investment in capital relates to the Engineering and Operations departments which is in line with the Municipality's asset base (being 55% roads and related).

- 6.2 Tax levy support in 2020 to the capital budget is \$8,294,354 which is \$863,711 higher than the 2019 tax levy support. This is an increase of 11.6% in the tax levy support to the capital budget. This is achievable through new assessment growth, debt payment repurposing, and operating cost control being reallocated towards the capital budget.
- 6.3 The capital budget recommendations are incorporated in the Draft Budget Book, under the section "Capital Budget" starting on page 132. A description of the project is included for each capital budget item.
- 6.4 Federal Gas Tax proceeds have been incorporated into the 2020 Budget in the amount of \$2,791,328. Interest earned in the Reserve Fund due to timing differences in the receipt of funds versus invoice payments have also been incorporated into the Budget. Formula based funding under the Ontario Community Infrastructure Fund has been included under the Engineering section of the budget in the amount of \$1,882,464.
- 6.5 As directed in Resolution #C-204-19, passed on May 21, 2019 giving the Director of Finance discretion to identify funding for the additional cost of Farewell Creek Trail, included in the capital budget is \$450,000 funded from a combination of levy, grants, development charges and reserves.

## **7. Debt Status**

- 7.1 Current projected annual debt repayment obligations for 2020 Budget purposes total \$2,688,395 (2019 - \$2,839,715) predominantly funded from development charges. Existing debentures include those issued for: Bowmanville Indoor Soccer, Garnet B. Rickard Recreation Complex, Community Care Durham space, Green Road grade separation, Courtice branch library, the Diane Hamre Recreation Complex, as well as retrofits for the Municipal Administration Centre and Pad A of the Garnet B. Rickard Recreation Complex.
- 7.2 In 2018, two debenture projects were funded internally and will be repaid through transfers between Reserve Funds. The Garnet B. Rickard Recreation Complex parking lot refurbishment will be repaid through a portion of the annual contribution to the Parking Lot Rehabilitation Reserve Fund. The LED light retrofit will be repaid through savings in electricity and maintenance costs for streetlights.
- 7.3 There are projected needs for \$4.2 million in debentures related to the design and construction of the South Bowmanville Recreation Centre. The Municipality has completed grant applications for approximately 75% funding for this project. The timing of the issuance of the debenture will be dependant on the needs of the Region of Durham.

## 8. Municipal Grant and Sponsorship Programs

- 8.1 The Municipal Grant program and the Municipal Sponsorship Programs are administered through the Community Services Department. The Budget presented via this report includes \$60,000 for the municipal grant program and \$35,000 for the municipal sponsorship program. The funds are allocated based on Council direction when the appropriate reports are brought forward in compliance with the approved policies for the two programs.

## 9. Reserve and Reserve Fund Contributions

- 9.1 Consistent with past practice, increases in reserve and reserve fund contributions are at times deemed appropriate to bolster balances in depleting reserve funds or to begin to put aside funds for an identified need. This is an important part of our asset management strategies. For 2020, there are several increases to the contributions which have been recommended in the Draft Budget Book (page 181) including:

Reserve Fund	Amount of Increase
Facilities/Parks Maintenance Reserve Fund	\$ 27,000
Community Services Capital Reserve Fund	25,000
Fire Equipment Reserve Fund	25,000
Operations Equipment Reserve Fund	25,500
Community Services Building Refurbishment Reserve Fund	22,500

- 9.2 An increase to the Pits and Quarries Reserve also occurred; however, it was as a result of increased royalties that will be received in 2020 and is a direct offset.

## 10. External Agencies

- 10.1 The requests from the external agencies, including the Clarington Public Library and Museums, Visual Arts Centre, Bowmanville Older Adults Association, Community Care Durham, Newcastle Community Hall, Grandview Children's Centre

- 10.2 The largest increase relates to the John Howard Society/Firehouse Youth. In 2019 they were provided \$276,731 from the budget; they are requesting a grant of \$331,226 which represents a 19.7% increase of approximately \$54,500. This increase relates to the annualization of costs to provide services to the Newcastle Youth Centre and the Loft (Courtice Youth Centre).

## **11. 2020 Accrual Based Budget for PSAB per Ontario Regulation 284/09**

- 11.1 Public Sector Accounting Board annual reporting requirements for municipal Budgets require that certain accrual-based items be reported to Council in conjunction with the Budget for 2011 onwards.
- 11.2 Accrual based expenses that are excluded from the 2019 tax-based budget include post-employment benefits and amortization of capital assets. Other items to transfer to a PSAB Budget include tangible capital asset acquisitions and accounting treatment of debt principal payments.
- 11.3 There is no immediate financial impact of these PSAB additions or reductions since the tax-based budget approves necessary funds to provide municipal services for 2019, but there are longer term implications.
- 11.4 The estimated change to the accumulated surplus at the end of 2019 resulting from the above items is as follows:

### **PSAB Additions to the 2020 Budget**

<b>Adjustment</b>	<b>2020 Dollar Amount</b>
<b>Tangible Capital Asset Amortization</b>	\$ 20,093,171
<b>Post-employment Benefit Estimate</b>	590,000
<b>Total PSAB Additions</b>	\$ 20,683,171



PSAB Reductions to the 2020 Budget

Adjustment	2020 Dollar Amount
Tangible Capital Asset Acquisitions	\$ (28,672,886)
Debt Principal Payments	(2,334,033)
<b>Total PSAB Reductions</b>	<b>\$ (31,006,919)</b>

Total PSAB Impact

Adjustment	2020 Dollar Amount
(Increase) / Decrease in Accumulated Surplus	\$ (10,323,748)

## 12. Council Options

- 12.1 The Draft Budget Book includes “Items for Council Consideration” starting on page 34. These items are not part of the proposed budget increase of 1.83%. This list formerly would have been called the “B list”.
- 12.2 There are 14 items, which would have a total impact of approximately \$2.3 million, or 3.93% to the municipal tax levy. Certain projects may be development charge eligible including the Newcastle Community Park and Newtonville Estates Parkette; however, the total cost has been included in this list without consideration for use of development charges.
- 12.3 Four new firefighters are included on the proposed list as it was recommended through the Grant Thornton report that the Municipality review staffing levels in Fire Services. A Fire Masterplan is proposed to be completed in 2020. The Municipality has been putting aside funds to the Future Staffing Reserve Fund which may be utilized for firefighters or any other new staffing position. The 2019 contribution of \$250,000 has been maintained for 2020.

- 12.4 Not included in the list are the impact of inflation which were not captured. For example, the budget figure for culverts has been relatively maintained; however, the cost of individual culverts has increased which means that the purchasing power of the Municipality and the service we can provide has decreased although the budget has remained the same.
- 12.5 Also not included in the list is a request from the Royal Canadian Legion for financial support for their banner program. This request was received after the draft budget was sent to print. The impact of the \$6,500 request is an impact of 0.01% or \$0.16 to the tax levy.
- 12.6 Any item from this list which Council wishes to add to the budget, or items not on the list which Council wishes to add, will be in addition to the 1.83% proposed municipal levy increase.

### **13. Concurrence**

While concurrence is not applicable, the Department Heads have been consulted on the 2020 Budget and provided input into the draft figures and draft budget book.

### **14. Conclusion**

This report and accompanying documents are intended to provide Council with the information necessary to make strategic decisions and ultimately adopt a budget for the 2020 fiscal year.

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Staff Contact: Trevor Pinn, Director of Finance / Treasurer, 905-623-3379 ext.2602 or [tpinn@clarington.net](mailto:tpinn@clarington.net).

Attachments:

Attachment 1 – Region of Durham 2020 Strategic Property Tax Study  
Attachment 2 – 2020 Staffing Memo from the CAO

Interested Parties:

The following interested parties will be notified of Council's decision:

- Community Care Durham
- The Clarington Public Library and Clarington Museums;
- Bowmanville Older Adults Association
- John Howard Society of Durham
- Newcastle Community Hall
- Visual Arts Centre



## The Regional Municipality of Durham Report

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To: Finance and Administration Committee  
From: Commissioner of Finance  
Report: #2020-F-03  
Date: February 11, 2020

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**Subject:**

2020 Strategic Property Tax Study

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**Recommendations:**

That the Finance and Administration Committee recommends to Regional Council that:

- A) For the 2020 property taxation year, the municipal property tax ratios for the following property classes for the Regional Municipality of Durham be set as follows and the requisite by-law be prepared, and approval be granted,

Multi-Residential	1.8665
New Multi-Residential	1.1000
Landfill	1.1000
Pipelines	1.2294
Farmland	0.2000
Managed Forests	0.2500

**Commercial Broad Class**

(including Shopping Centres, Office Buildings, Parking Lots and Residual)

Occupied	1.4500
Vacant Land	1.4500
Excess Land	1.4500
On Farm	1.4500

**Industrial Broad Class**

(including Large Industrial and Residual)

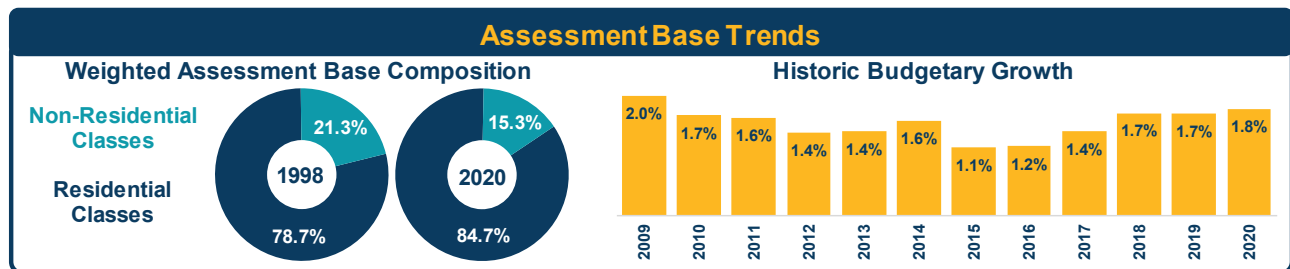
Occupied	2.0235
Vacant Land	2.0235
Excess Land	2.0235
On Farm	2.0235

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**Report:****1. Purpose**

- 1.1 The annual Strategic Property Tax Study accompanies the Business Plans and Budgets and provides an update on various property tax issues related to this significant revenue source. In 2019, budgeted Regional property tax revenue was \$669.1 million or 54.7 per cent of the total \$1.225 billion gross expenditures for Regional property tax supported services.
- 1.2 The 2020 Strategic Property Tax Study provides information and analyses on numerous property tax items, including:
  - Assessment base trends including growth and the declining non-residential share which places upward pressure on the residential property tax rates;
  - Impacts from the 2016 reassessment phase-in for the 2020 taxation year and information on the upcoming 2019 reassessment for the property taxation years 2021 to 2024;
  - Update on the vacancy policy phase-out (third and final year) for commercial and industrial properties;
  - Update on the current value assessment (CVA) at risk in assessment dispute processes;
  - Review of Durham's municipal tax ratios and comparison to comparable municipal jurisdictions;
  - Comparison of average residential home and non-residential property taxes across comparable municipalities;
  - Heritage property tax rebate matching request from a local municipality; and
  - Impact of the Provincial 2020 education property tax rates.

## 2. The Assessment Base



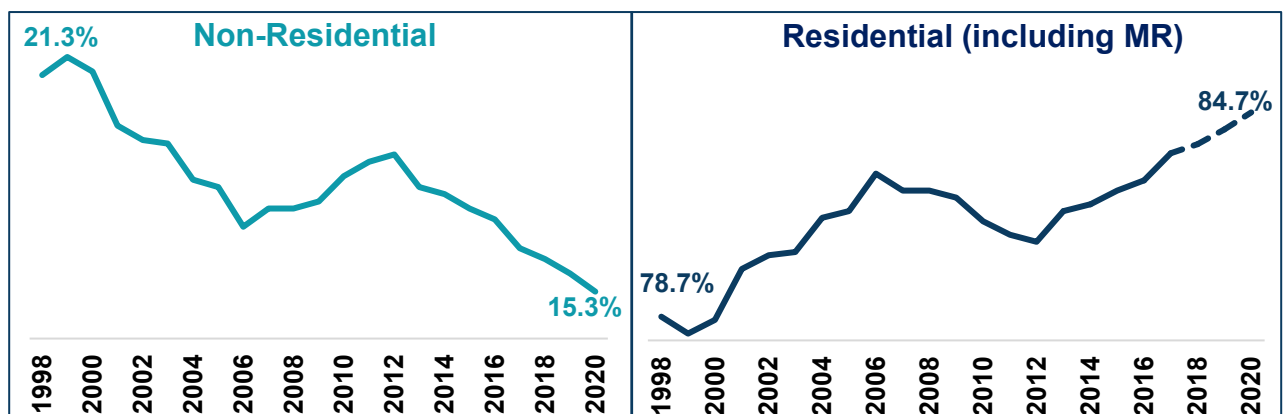
### Assessment Growth

- 2.1 Historically, Durham Region's residential growth has been strong relative to the non-residential growth, contributing to a continual decrease in the proportionate share of non-residential assessments in the assessment base.
- 2.2 For 2020, the estimated total weighted assessment growth is 1.95 per cent.
- 2.3 Continuing Council's direction contained in Report #2018-COW-19, the 0.17 per cent of the 2020 growth attributed to the Seaton community has been deferred until Regional departments begin incurring annual operating expenditures related to the Seaton development.
  - This will ensure long term financial sustainability by matching taxable assessment growth and the related property tax revenue from the Seaton community with the budgeted Regional operating costs to service this community.
  - This treatment is unique due to the large scale of the Seaton community and the intense and rapid planned development that will have a measured impact on the Regional expenditures in the near term.

### Non-Residential Share of Regional Assessment and Taxation Base

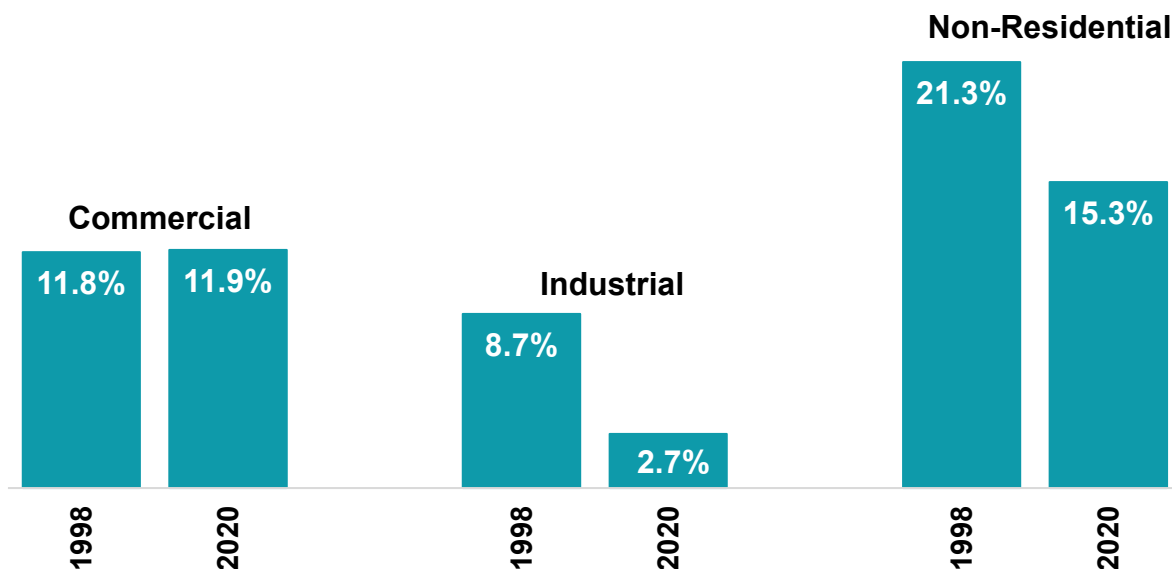
- 2.4 Figure 1 shows the significant decline in the non-residential share of the Region's property tax base since 1998 and the corresponding increase in the residential share of the tax base.

**Figure 1**  
**Share of Regional Property Taxes 1998-2020**



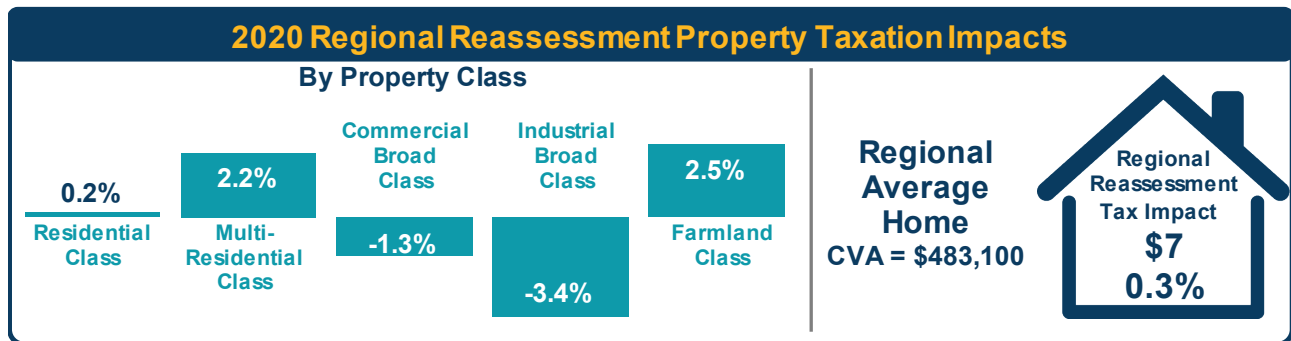
- 2.5 The only exception to the decline in the non-residential share was between 2006-2012 when non-residential properties experienced a higher valuation increase due to reassessment. A significant number of these reassessment increases were partially reversed through Assessment Review Board (ARB) decisions which contributed to the continued decreasing non-residential share from 2012.
- 2.6 The decrease in the non-residential share of the Regional taxation base is primarily the result of declines in the industrial property class share.

**Figure 2**  
**Non-Residential Share of Regional Property Taxes 1998-2020**



- 2.7 The decrease in the non-residential share places upward pressure on the residential property tax rate and has a direct impact when comparing relative tax load as discussed in section 7.10 to 7.14 of this report.
- 2.8 The changes in Regional taxation shares by property class are the result of:
- differences in assessment growth across the property classes;
  - different valuation changes across the property classes from reassessments;
  - ARB assessment appeal decisions; and
  - changes to municipal tax ratios.

### 3. 2016 CVA Reassessment for Taxation Years 2017 to 2020



#### Reassessment Overview

- 3.1 In 2016, MPAC conducted the provincially mandated reassessment cycle to update the assessment valuation date (from January 1, 2012 to January 1, 2016). Per provincial legislation, assessment increases are phased-in uniformly over the subsequent four-year taxation cycle (2017 to 2020), while assessment decreases are fully implemented in the first year (2017).
- 3.2 2020 is the fourth and final year of the four-year phase-in of the 2016 CVA reassessment. MPAC is currently working on the next reassessment with a January 1, 2019 valuation date which will be phased-in over the 2021 to 2024 taxation years.

#### Reassessment Impacts

- 3.3 Reassessment does not result in a change in the total municipal taxation. Municipalities do not collect any additional revenues as a result of reassessment valuation increases.
- 3.4 Rather, the previous year's municipal tax rates are discounted by the "*Taxation Average*" to ensure that the overall reassessment is revenue neutral to municipalities.
- For the taxation year 2020, the Regional Taxation Average is 6.12 per cent and the 2019 Regional property tax rates will be discounted accordingly.
- 3.5 Reassessment does result in shifts amongst individual taxpayers and, as a result, Regional taxation shifts occur across property classes and across municipalities.
- 3.6 A property's reassessment impact is calculated as follows:

$$\text{Property Reassessment Impact} = \frac{\text{Property's CVA Change} - \text{Taxation Average}}{\text{One} + \text{Taxation Average}}$$

- 3.7 There are different taxation averages for each taxation jurisdiction (region/local municipal and provincial education) as the assessment base for each taxation jurisdiction is different. The reassessment impacts discussed in this report are for the Regional taxation portion of the property tax bill only.

- 3.8 A property with a CVA increase of 6.12 per cent in 2020 will have no Regional reassessment taxation impact, as the 2020 Regional taxation average is also 6.12 per cent.
- 3.9 Figure 3 provides a summary of anticipated Regional taxation shifts that will occur between property classes as a result of the 2020 reassessment phase-in.

**Figure 3****Estimated Regional Property Taxation Shifts Across Property Tax Classes**

<b><u>Property Class</u></b>	<b>2020</b> (fourth/final Year of phase-in)		<b>2017-2020</b> (full reassessment)	
	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Residential *	1.06	0.2%	6.95	1.4%
Multi-Residential	0.61	2.2%	2.93	12.2%
Commercial Residual	(0.85)	(1.6%)	(5.08)	(8.9%)
Shopping Centre	(0.14)	(0.6%)	(0.59)	(2.5%)
Office Buildings	(0.07)	(4.2%)	(0.41)	(20.5%)
Parking Lots **	-	1.1%	0.01	5.4%
<b>All Commercial</b>	<b>(1.06)</b>	<b>(1.3%)</b>	<b>(6.07)</b>	<b>(7.3%)</b>
Industrial Residual	(0.37)	(3.2%)	(2.14)	(16.3%)
Large Industrial	(0.26)	(3.8%)	(1.73)	(21.5%)
<b>All Industrial</b>	<b>(0.63)</b>	<b>(3.4%)</b>	<b>(3.87)</b>	<b>(18.3%)</b>
Farmland	0.07	2.5%	0.30	13.1%
Other	(0.05)	(3.1%)	(0.24)	(13.3%)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The residential class contains multiple property types, including ones that are typically not thought of as being residential (e.g. gravel pits and golf course greens). This Study uses the average single-family detached home as the primary residential comparator and its 2020 Regional reassessment impact is estimated at 0.3 per cent, not the 0.2 per cent estimated for the full residential property tax class shown in the above table.

\*\* Due to small size of Parking Lots class, the dollar impact is below the rounding threshold of the table.

- 3.10 Figure 4 provides a summary of estimated Regional taxation shifts between local municipalities that occur as a result of the reassessment.

**Figure 4****Estimated Regional Property Tax Shifts by Local Municipality**

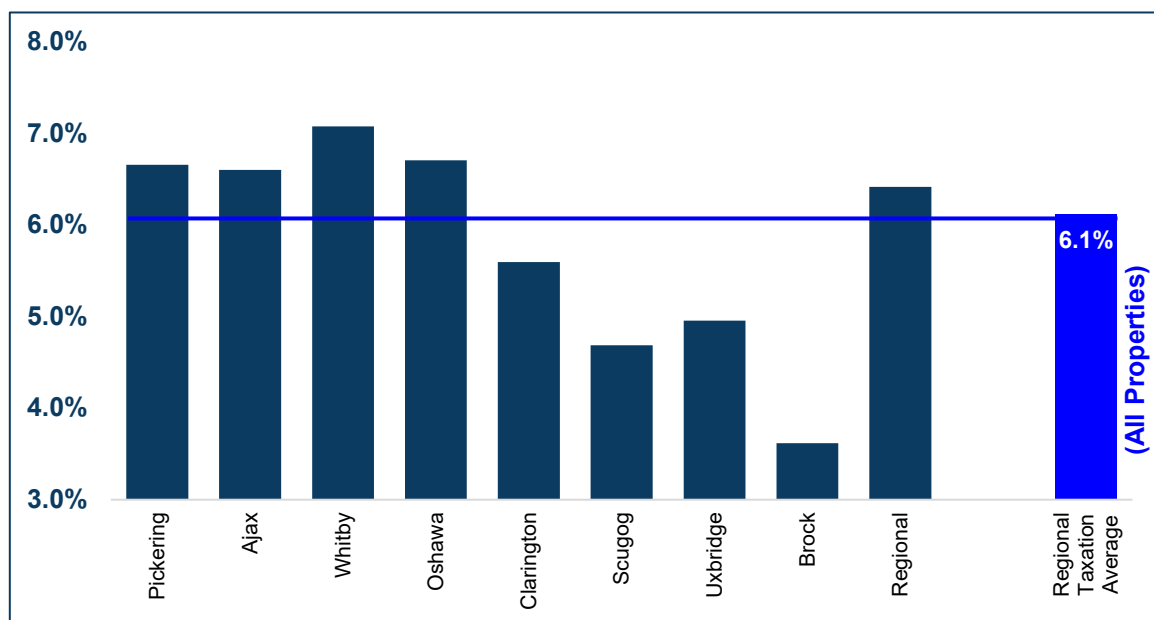
<b><u>Local Municipality</u></b>	<b>2020</b> (fourth/final year of phase-in)		<b>2017-2020</b> (full reassessment)	
	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Pickering	0.19	0.2%	1.05	1.0%
Ajax	0.30	0.3%	1.66	1.5%
Whitby	0.74	0.5%	3.64	2.7%
Oshawa	0.18	0.1%	0.62	0.5%
Clarington	(0.48)	(0.6%)	(2.13)	(2.5%)
Scugog	(0.35)	(1.4%)	(1.76)	(7.1%)
Uxbridge	(0.36)	(1.3%)	(1.99)	(6.8%)
Brock	(0.22)	(2.0%)	(1.09)	(9.5%)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



### **Region-Wide Average Home Impact**

- 3.11 The average Region-wide single-family detached home will have a CVA of \$483,100 in 2020 and an estimated 0.3 per cent, or approximately \$7 increase in its Regional property taxes as a result of the reassessment.
- 3.12 The 2016 reassessment showed a more significant degree of variability and larger redistributions than previous reassessments. This was especially true for the single-family detached home which, on average, will experience a 0.3 per cent increase in 2020 Regional taxes due to reassessment. However, this average does not convey the large range of impacts across geographical areas. For example, the average single-family detached home Regional reassessment tax impact ranges from a high of a 0.9 per cent increase in Whitby to a low of a 2.3 per cent decrease in Brock.
- 3.13 The variance in Regional reassessment taxation impact are a direct result of the variance in the average CVA change of the local specific average home as shown in the figure 5.

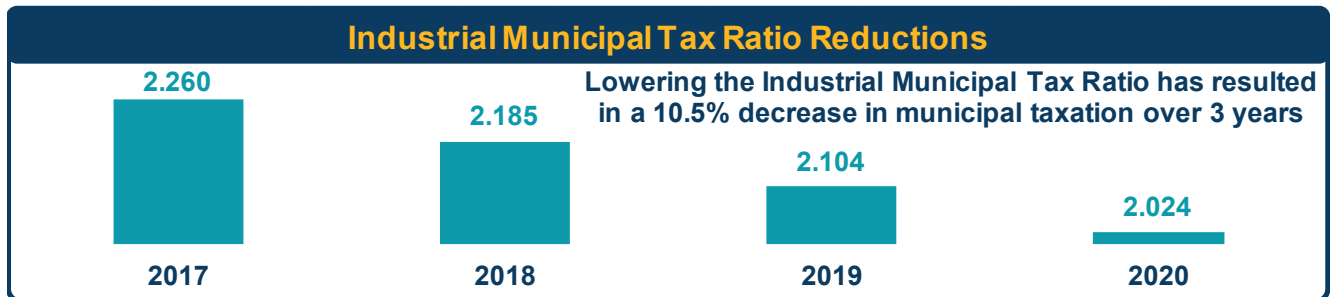
**Figure 5**  
**Average Home 2020 CVA Changes due to Reassessment**



### **Upcoming MPAC Reassessment**

- 3.14 On April 23, 2019, the Province changed the upcoming reassessment date from January 1, 2020 to January 1, 2019. The accelerated start date will allow MPAC additional time to consult with stakeholders and improve assessment roll accuracy with the hope of reducing future assessment disputes.
- 3.15 It is anticipated the municipalities will be able to analyze and report on the preliminary results of the reassessment that will impact the taxation years 2021 - 2024 in the late summer or early fall of 2020.
- 3.16 The resulting CVA changes from the upcoming reassessment for this reduced three-year period will still be phased-in over four tax years (2021-2024).

#### 4. Completion of Vacancy Discount Phase-Out and Municipal Tax Ratio Reduction for the Occupied Industrial Broad Classes



4.1 After extensive consultation with the public, business community and local municipalities, Regional Council, as part of the 2018 Strategic Property Tax Study, approved the phase-out of the two property taxation vacancy policies that were applicable to both the commercial and industrial broad classes. More specifically:

- Regional Council approved a three-year (2018-2020) phase-out of discounts applied to municipal property taxes on parcels in the vacant and excess land subclasses within the broad Commercial and Industrial property tax classes.
- For the 2020 property taxation year, the discount will be eliminated for both the Commercial and Industrial broad property tax classes and the vacant and excess land subclasses within the broad classes will have the same tax rate as the applicable occupied tax class.
- To improve Durham's industrial competitiveness, Regional Council also directed that any increased municipal property taxation resulting from the phase-out of the vacant and excess land subclass discounts in the Commercial and Industrial broad property tax classes be used to fund a phased-in reduction of the Industrial broad class municipal property taxes through a reduction in the Industrial broad property tax class occupied municipal tax ratio. Over the three-year phase-out program, the industrial broad class occupied municipal tax ratio was reduced by 10.5 per cent assisting in the overall competitiveness of the Regional property tax structure.
- Regional Council also approved a two-year phase-out (2018-2019) of the vacant unit property tax rebate program available to eligible units in the broad Commercial and broad Industrial property tax classes. This program was eliminated in 2019.

4.2 Figure 6 on the following page, provides the estimated impacts of the vacant and excess land subclasses' discount phase-out and reduction in the industrial broad class municipal tax ratio.

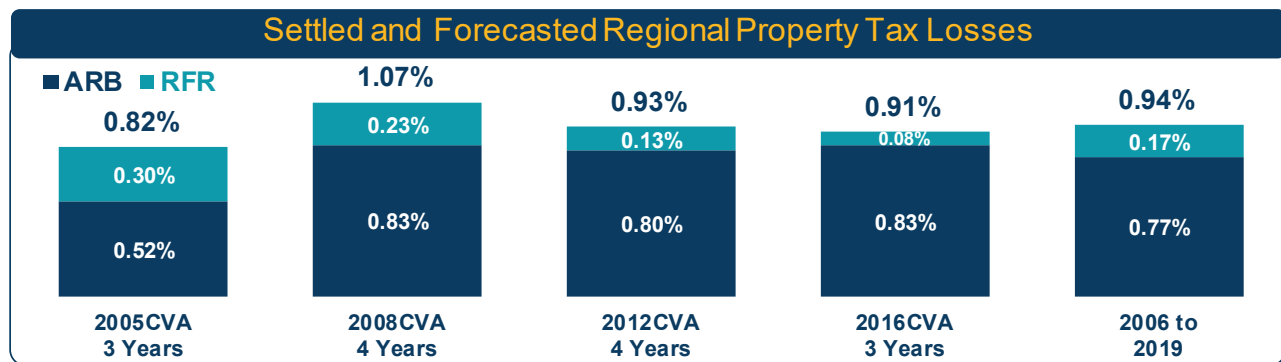
**Figure 6**  
**2020 Estimated Impact on Total Municipal Property Taxes**  
**Resulting from the Vacant Policy Changes and Industrial Ratio Reduction**

	\$ millions		
	2020 Estimated Municipal Taxes (after ratio adjustment & with no budgetary increase)	2020 Estimated Change in Municipal Taxes	2020 Estimated % Change in Municipal Taxes
Residential	919.43	0.00	0.0%
Multi-Residential	50.98	0.00	0.0%
<u>Commercial (broad)</u>			
Occupied	131.65	0.00	0.0%
Vacant Land	4.43	0.49	11.1%
Excess Land	1.51	0.17	11.1%
<b>Commercial Subtotal</b>	<b>137.59</b>	<b>0.66</b>	<b>0.5%</b>
<u>Industrial (broad)</u>			
Occupied	26.83	(1.02)	(3.8%)
Vacant Land	3.17	0.28	8.9%
Excess Land	0.87	0.08	8.9%
<b>Industrial Subtotal</b>	<b>30.87</b>	<b>(0.66)</b>	<b>(2.2%)</b>
Other	7.31	0.00	0.0%
<b>Total</b>	<b>1,146.18</b>	<b>0.00</b>	<b>0.0%</b>

- Vacant properties and excess land parcels in the broad commercial classes will experience an 11.1 per cent increase in municipal taxes or \$0.66 million in 2020.
  - Vacant properties and excess land parcels in the broad industrial classes will experience an 8.9 per cent increase in municipal taxes or \$0.36 million in 2020.
  - All properties in the broad occupied industrial property classes will experience a 3.8 per cent decrease in municipal taxes or \$1.02 million in 2020.
  - There is no impact on the occupied commercial, residential, multi-residential or farmland property taxes classes as a result of this policy changes.
- 4.3 Due to the significant uptake in the elimination of the municipal tax rate discounts applied to the vacant and excess land subclasses, the Province recently eliminated the corresponding reduction on the education taxes province-wide (previously the Province simply matched a municipal reduction in the discounts).
- 5. Municipal Property Tax Reduction for “On Farm” Property Class (Farm Value Added Activities)**
- 5.1 In the 2017 Ontario Economic and Fiscal Review (November, 2017), the Province announced a policy change that provided “*municipalities with the flexibility to tax the first \$50,000 of assessment on qualifying value added and commercial activities on farms at a rate that is 75 per cent lower than the commercial or industrial tax rate that would otherwise follow.*”
- 5.2 The provincial regulations (Ont. Regulation 361/18) required to implement this new flexibility were filed on May 3, 2018. The Province implemented the full reduction with respect to provincial education taxation in 2018.

- 5.3 MPAC completed the property inspections and issued the revised assessment notices in the spring of 2019. The 2018 and 2019 Regional property tax strategy reports deferred the decision whether the Region would adopt the municipal discount for these new subclasses until MPAC had identified the eligible properties and an impact analysis could be completed by the Region.
- 5.4 There are a very limited number of On-Farm class properties in the Region of Durham. MPAC returned seven properties on the 2020 assessment roll that had assessment in the On-Farm subclass.
- All these properties had CVA in the Commercial On-Farm subclass, while one property also had CVA in the Industrial On-Farm subclass.
  - The seven properties are located in Clarington (4), Brock (2) and Scugog (1).
  - The total assessment in the combined On-Farm classes is less than \$315,000.
- 5.5 Should the optional municipal discounted tax rate be adopted, the estimated taxation shifts from these seven properties is \$2,400 for the Regional portion of property taxes and a total of \$1,400 for the three lower tier's portions. Relative to the size of the taxation bases, the tax shifts are immaterial and would amount to less than \$0.01 for the average Regional home.
- 5.6 Due to the small number of qualifying properties in Durham Region, the limited incentive nature in this program and the local municipal administrative burden associated with adopting the optional municipal tax rate discount, there is little justification to institute the municipal portion of this program.
- 5.7 It is possible in the future that the Province may change the parameters of this program. However, it is not clear that municipalities will have the opportunity to re-evaluate their participation in an expanded program at that time.
- 5.8 The program parameters put in place by the Province have the potential to create an inequity amongst similar properties. For example, a property valued at \$1,000,100 CVA is not eligible for this reduction, while one valued at \$999,900 may be.
- 5.9 The abrupt application of this threshold or the "cusp" issue make it difficult to justify municipal involvement in this program as the Region of Durham attempts, as much as possible, to treat similar properties in a similar manner.
- 5.10 For these reasons, it is recommended that the Region of Durham not adopt the municipal property tax rate reduction option for the Commercial and Industrial On-Farm subclasses at this time. Regional staff discussed this recommendation with the Area Treasurers in 2019 who raised no objections.

## 6. Assessment at Risk Update



Based on medium risk scenario.

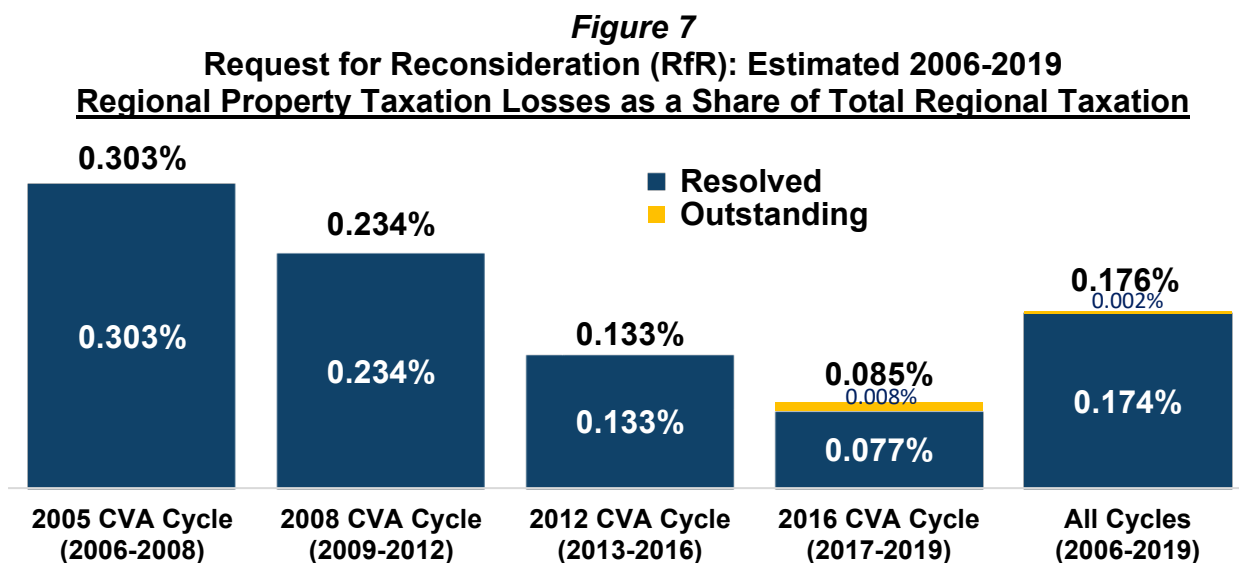
### Assessment Disputes

- 6.1 At any given point in time, five to ten per cent of the Region's assessment base can be involved in an assessment or classification dispute. This represents a significant financial risk to the Region and the Area Municipalities.
- 6.2 More specifically, the dispute process and the resulting assessment settlements, which are typically reductions, represent the following three financial risks to the municipal sector:
- Municipalities are required to rebate the difference between the previously billed property tax amount based on the original CVA and the revised billing based on the revised CVA (typically lower). The longer the complaint has been outstanding, the more years of municipal taxes that are required to be rebated.
  - The most material complaints are for non-residential assessment. CVA reductions on these types of properties further erodes the non-residential assessment base, shifting taxes to the residential property tax base.
  - Finally, changes to previous assessment cycles have the potential to put downward pressure on the current assessment cycle values, which may result in reduced assessment growth going forward.
- 6.3 There are two processes by which taxpayers can pursue assessment disputes.
- The first process, which is mandatory for residential properties, is the *Request for Reconsideration* (RfR) process. This is an informal process whereby the property owner requests MPAC review the file and the owner ensures that MPAC has up-to-date and correct property information. Through this review, one of the following two outcomes could occur.
    - MPAC may offer to revise the returned assessment based on more current/accurate information or may confirm the returned assessment as accurate. Should the property owner not agree with the outcome, they have 90 days to file an appeal to the Assessment Review Board (ARB).
    - If a change in the assessment is proposed by MPAC, a Minutes of Settlement Offer would be provided to the owner and, if it is agreed to by the owner, then the assessment is adjusted. The owner has 90 days to accept the Minutes of Settlement or move on to the next part of the dispute process (ARB appeal).

- The second process is an appeal to the ARB, which is an independent adjudicative body within the Ministry of the Attorney General that decides assessment and classification complaints in Ontario. It can take several years for disputes to reach settlement at the ARB, with many of the more complex commercial and industrial-type complaints resulting in processes that stretch far beyond the current four-year assessment phase-in period.
- 6.4 In response to the increased volume of assessment appeals and based on stakeholder feedback, in 2017 and 2019, the ARB initiated processes to modify its Rules of Practice and Procedure with the key objective of more timely appeal resolutions.
- 6.5 Although the number of dispute claims are fairly evenly split between the RfR process (52.1 per cent) and the ARB process (47.9 per cent), the total Assessment at Risk in the ARB process is almost eight times (88.4 per cent) that of the RfR process (11.6 per cent). Further, the estimated Regional taxation losses over the period 2006-2019 in the ARB process (\$53 million) are almost four times the losses in the RfR process based on historical analysis (\$14 million).
- 6.6 The next section briefly summarizes the RfR (primarily residential) historical disputes, and the remainder of this section focuses on the higher risk ARB (primarily non-residential) disputes.

### **Request for Reconsideration Process (RfR) Summary**

- 6.7 Figure 7 provides a summary of the estimated Regional taxation losses for the four CVA cycles over the period 2006 to 2019 including both the losses on resolved RfR disputes and the estimated losses on the outstanding RfR disputes based on a medium risk scenario.

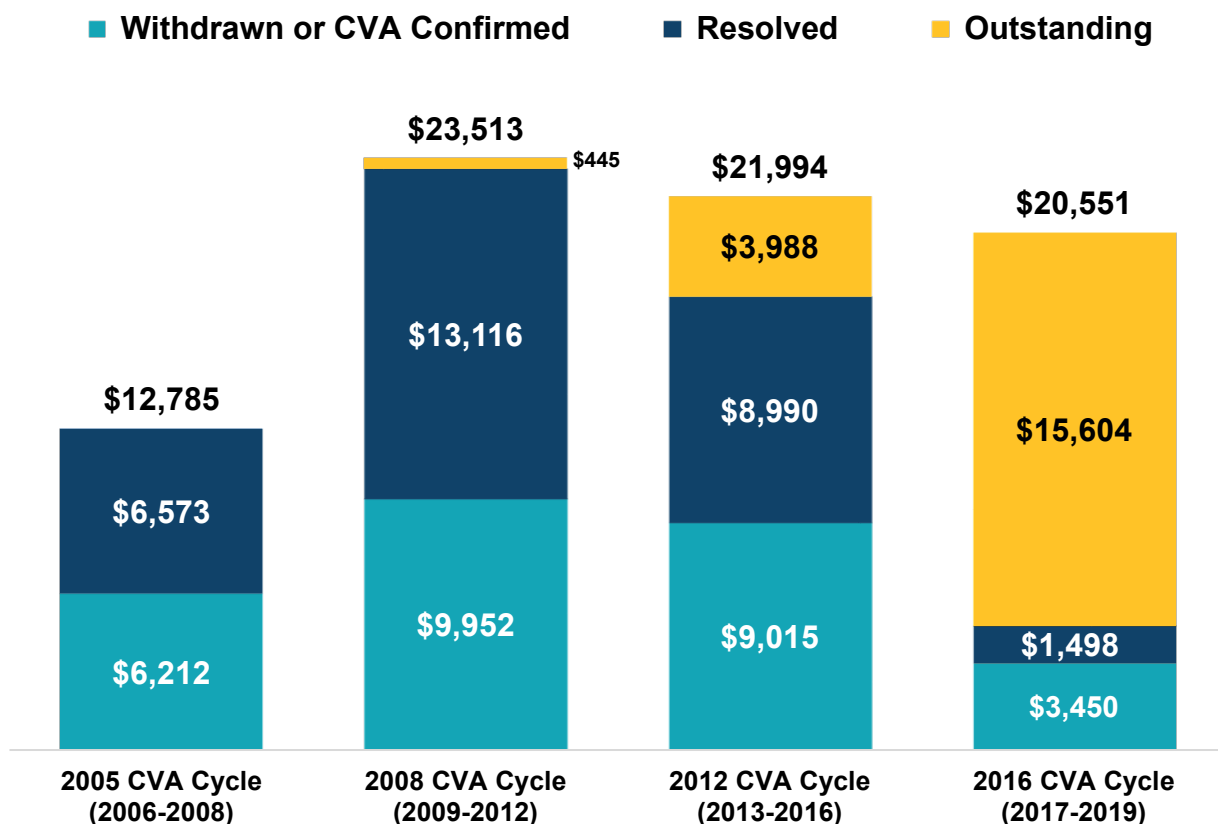


- 6.8 The Regional taxation loss due to the RfR process has continued to decline since the 2005 CVA cycle as shown above. A review by the Ontario Ombudsman in 2006 resulted in significant changes to the MPAC RfR process which is believed to have significantly contributed to this decline.

### **Assessment Review Board (ARB) Disputes**

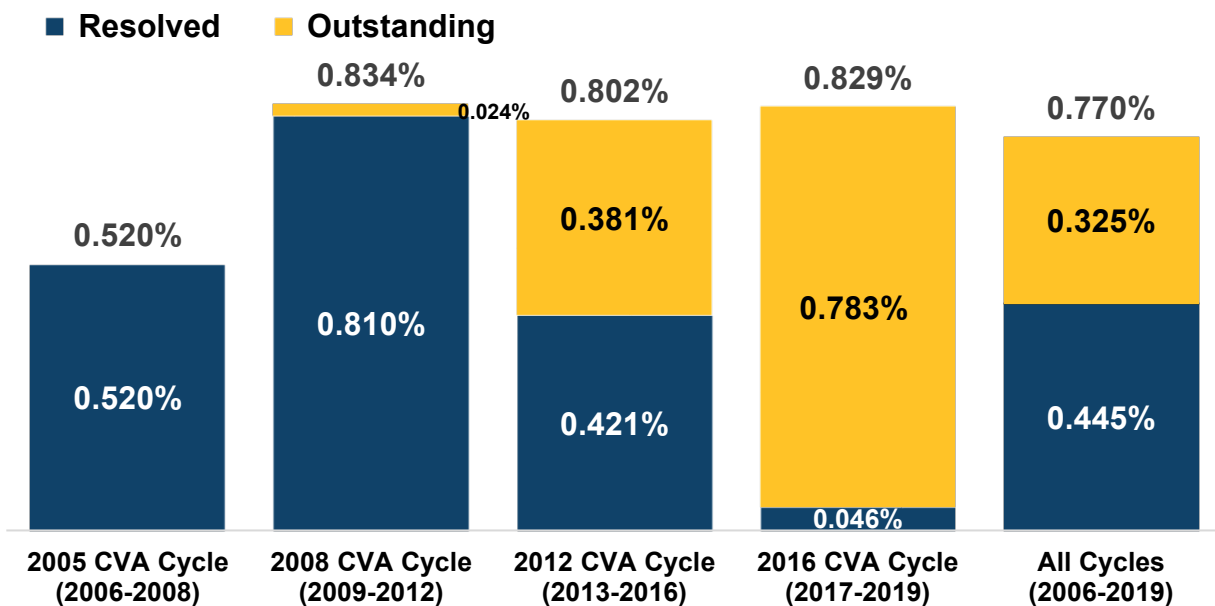
- 6.9 The following analysis covers the last four reassessment cycles (2005, 2008, 2012 and 2016) encompassing taxation years 2006 to 2019.
- 6.10 Figure 8 outlines the assessment at risk for each reassessment cycle. The significant jump in the assessment at risk in the 2008 CVA cycle was the result of the economic downturn, as well as large group appeals by owners who had significant properties across the Province. This was particularly apparent in the large retail sector. The non-residential disputes are also driven by various economic factors including the declining manufacturing sector and the changes in 'brick and mortar' retail sector, driven by on-line shopping.

**Figure 8**  
**Assessment at Risk in ARB Disputes 2006-2019 (\$m)**



- 6.11 The backlog of ARB disputes has decreased over the previous two years, however there is still a material backlog in the 2012 CVA cycle. The majority of the ARB appeals for the 2016 CVA cycle are currently in the appeal process and limited settlements have been reached thus far.
- 6.12 As illustrated in Figure 9, on the following page, the Regional taxation loss due to the ARB settled disputes over the four CVA cycles is \$34.2 million. It is estimated that the outstanding ARB disputes will result in additional Regional taxation losses of \$24.9 million under the medium risk scenario (high risk scenario estimate is \$29.3 million; while low risk scenario estimate is \$19.9 million).

**Figure 9**  
**ARB Appeals: Estimated 2006-2019: Regional Property Taxation Loss**  
**As a Share of Total Regional Taxation Under a Medium Risk Scenario**



- 6.13 The estimated Regional taxation losses peaked with the 2008 CVA cycle. It is estimated that the 2016 CVA cycle losses will also be significant due to weakness in the auto manufacturing sector and the continued erosion of the large retail sector, as a result of the shift away from brick and mortar stores to on-line shopping.
- 6.14 The Region has a property tax appeal reserve to mitigate this risk and to fund abnormally high rebates of previous year's Regional property taxes. The Region has also included an additional provision in its annual budgets since 2016 (the "*Adjustment to Assessment Base*") to mitigate property taxation shifts from the reassessment that may be reversed in the appeal process specific to large properties.
- 6.15 Region staff, through the review of the assessment at risk, examined the sustainability of the Region's Property Tax Appeal Reserve including the annual contribution to this reserve. Based on this analysis, staff is recommending, as part of the 2020 Property Tax Supported Business Planning and Budget submission, a \$195,000 reduction in the annual contribution to the Property Tax Appeal Reserve. This reduction results in an annual contribution of \$1.0 million to the reserve in the 2020 Budget.
- 6.16 Although there is much uncertainty with respect to the outstanding ARB disputes, it is anticipated that the above proposed changes to the current Property Tax Appeals Reserve is appropriate and will assist in mitigating the impact of these taxation losses. Regional staff will continue to monitor the assessment appeals.



**Regional Role in Assessment Disputes**

- 6.17 The Region's 49 per cent share of total property taxation relies on maintenance of the assessment base and any reduction due to appeals has a direct financial impact on Regional taxation revenues. The Region has ongoing dialogue with the local municipalities when feasible.
- 6.18 As discussed in previous years' studies, the Region's legislative disconnect from the assessment complaint and appeals process due to lack of upper tier inclusion in the relevant provincial legislation represents a financial risk. This impacts the Region's ability to accurately forecast potential financial losses and effectively monitor and protect the assessment base.
- 6.19 Regional Council has previously requested that the Province amend the *Assessment Act* to provide upper tier municipalities with the appeals rights that are commensurate with the responsibilities of the upper tier to set property taxation policy, as well as recognizing the upper tier's higher share of property tax revenues. To date, no response has been provided or action taken by the Province on this issue.

**General Motors of Canada**

- 6.20 In late December 2019, General Motors Canada (GM) produced the last vehicle from its Oshawa manufacturing facility.
- 6.21 GM has begun work on constructing an oval test track for electrical and autonomous vehicles at the site which will support GM's Canadian Technical Centre campuses located in Oshawa and Markham. Other activities may have been informally referenced, but to date have not been confirmed.
- 6.22 The 2020 CVA on the property has not been adjusted by MPAC to reflect the change in use of the property. Further, the property is still subject to appeals for all taxation years subsequent to 2012 (two full assessment cycles).
- 6.23 Finance staff will continue to work in collaboration with Regional Economic Development, City of Oshawa, and MPAC staff on this important file. As more information becomes available, staff will develop more detailed impact analysis and report back to the Finance and Administration Committee, as appropriate.

**7. Inter-Municipal Comparisons****Municipal Tax Ratios**

- 7.1 The calculation of property taxes is based on a property's CVAs as included in the returned assessment roll provided by MPAC under the authority of the *Assessment Act* and the *Municipal Act, 2001* where:
- MPAC is responsible for the classification and CVA assignment for all individual properties in Ontario; and
  - Municipalities must use MPAC information along with budgetary requirements and municipal taxation ratios to calculate annual property tax rates applicable to individual property tax classifications.

- 7.2 The upper-tier municipality (e.g. Durham Region) in a two-tiered municipal structure is responsible for property taxation policy decisions related primarily to property classes and municipal property tax ratios. Local municipalities are legislatively required to use the upper tier property classes and municipal property tax ratios in the calculation of local municipal property rates.
- 7.3 A municipal tax ratio is the degree to which an individual property class is taxed relative to the Residential class. If the Multi-Residential municipal tax ratio is 1.867, then its municipal property taxation rate will be 1.867 times that residential class tax rate. Since municipal tax ratios show the degree to which the non-residential classes are taxed relative to the residential class, the ratios have a direct impact on the competitiveness of municipal non-residential property taxes.

**Figure 10**  
**2019 Municipal Tax Ratio Comparison**

	Multi-Residential		Commercial		Industrial		Farmland	
	Ratio	Rank	Ratio	Rank	Ratio	Rank	Ratio	Rank
<b>Durham: (Recommended 2020)</b>	<b>1.8665</b>	<b>4</b>	<b>1.4500</b>	<b>2</b>	<b>2.0235</b>	<b>4</b>	<b>0.2000</b>	<b>2</b>
Toronto	2.3444	9	2.7800	10	2.7632	9	0.2500	5
Peel Region (Mississauga)	1.3461	2	1.5007	4	1.6266	2	0.2500	5
Halton Region	2.0000	7	1.4565	3	2.3599	6	0.2000	2
York Region	1.0000	1	1.2794	1	1.5704	1	0.2500	5
Ottawa *	1.3990	3	1.8576	6	2.4358	7	0.2000	2
Niagara Region	1.9700	6	1.7349	5	2.6300	8	0.2500	5
Waterloo Region	1.9500	5	1.9500	7	1.9500	3	0.2500	5
Hamilton **	2.5671	10	1.9800	8	3.3696	10	0.1767	1
Windsor ***	2.0000	7	2.0187	9	2.3200	5	0.2500	5
Average	1.8443		1.8008		2.3049		0.2277	

Ratios in table have been rounded to three decimal places.

\* Ottawa has special classes, the broad class ratios are shown

\*\* Hamilton has a Large Industrial class with a ratio of 3.951

\*\*\* Windsor has a Large Industrial class with a ratio of 2.938

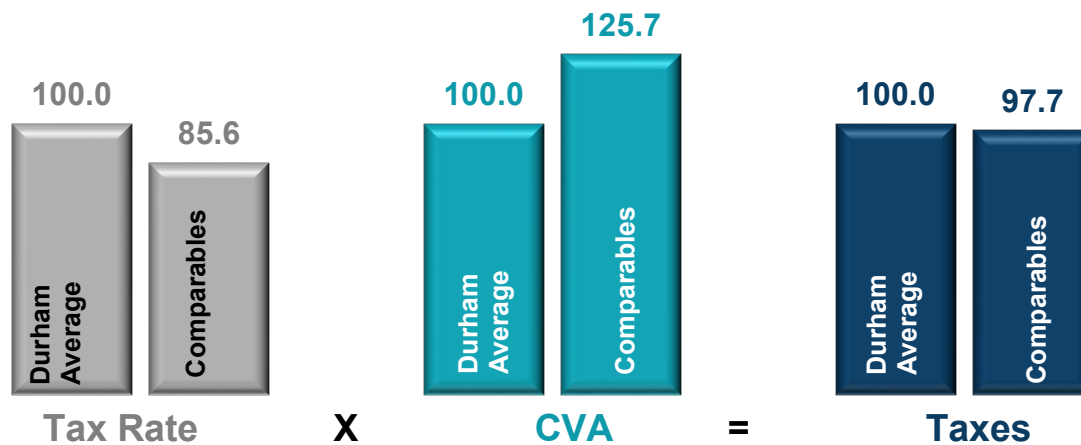
- 7.4 As illustrated in Figure 10, Durham Region has a competitive Multi-Residential ratio of 1.867. Durham's ratio is marginally above the average of the similar municipal comparators. For a local municipality with a large share of multi-residential assessment, any reduction in this ratio would shift significant local municipal taxes to the residential property tax class.
- 7.5 Durham Region has a competitive commercial ratio of 1.4500. Durham's ratio is 20 per cent below the average of the comparators (1.8008) in the above table. Durham has the second lowest ratio and is just slightly lower than Halton's ratio of 1.4565. In several instances, municipalities may be raising the municipal tax ratios to partially offset the inter-class shifting that occurs in a reassessment which is permitted by the Province in special circumstances.

- 7.6 Durham Region's 2020 recommended industrial municipal ratio is 12 per cent below the average of the comparators (2.3049) in the table. Durham is higher than Mississauga, York Region and Waterloo Region. Of note, there are higher ratios for the large industrial class in Hamilton and Windsor which are not considered in this analysis (Durham industrial and large industrial ratios are the same). The phase-out of the vacancy programs resulted in a 10.5 per cent decrease in Durham's Industrial broad class ratio over the past three years.
- 7.7 The Province has mandated a maximum farmland municipal tax ratio of 0.25. However, several Ontario municipalities (Durham included) have lowered their ratio from this provincial maximum as a support to the agricultural industry within Durham.
- 7.8 The remainder of this section provides a summary of the property tax comparisons across comparable municipalities adjusting for the varying market values which then shows the degree to which the market values affect tax rates.
- 7.9 Caution should be used in interpreting the results of any municipal property tax comparison.
- These comparisons do not consider municipal services or service levels and a whole range of other unique municipal characteristics (non-residential assessment levels, urban/rural compositions, geographical density and size, and financial sustainability).
  - As such, these comparisons can be useful in showing the impact the assessment base has on property tax rates and to garner an overall impression of general competitiveness, but the results should not in any way be considered a ranking of municipalities or commentary on municipal efficiency or service delivery.

### **Residential Home Property Tax Comparison**

- 7.10 The following residential home property tax comparison is based on the comparison of 10 "average" homes from across all of Durham's local municipalities. The homes were chosen to reflect, as closely as possible, that municipality's average home in terms of assessment, age, size and building quality. MPAC provided the CVAs for the comparator municipalities on which the following analysis is based.
- 7.11 As shown, tax rates and assessments vary significantly between municipalities. In general, they are inversely related (higher assessments allow for a lower tax rate to generate the same tax dollars).
- 7.12 The residential home comparison found that the comparable municipalities' average residential tax rate was 14.4 per cent lower than Durham's. However, assessment values for the comparators were found to be 25.7 per cent higher. The resultant average property tax (\$) difference between Durham and the comparator's average is very minor, at approximately 2.3 per cent, as illustrated in Figure 11 on the following page.

**Figure 11**  
**Residential Home Sample Average: Tax Rate, Assessment and Taxation**

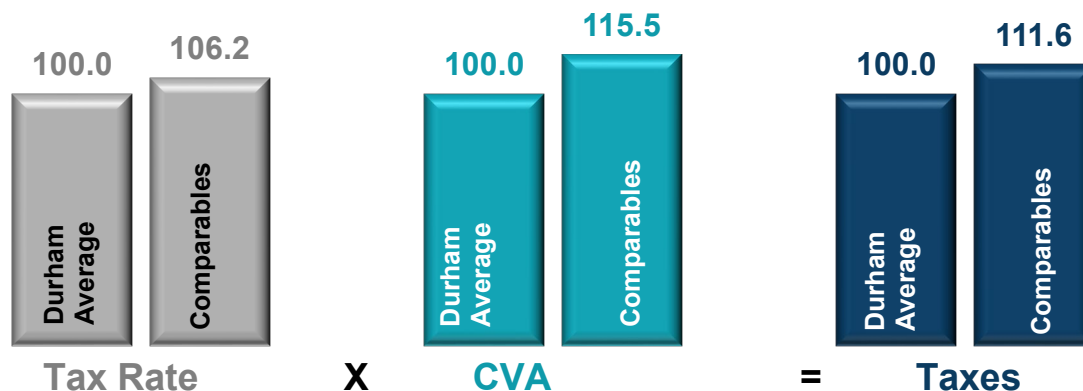


- 7.13 The majority of the large gap in tax rates can be explained by Durham's much lower market values (assessments). The gap of 14.4 per cent is reduced to 2.3 per cent when Durham's lower assessments are considered.
- 7.14 As noted in section 2.7, the lower non-residential share in Durham Region puts upwards pressure on the residential to a greater degree than the comparators.

#### **Non-Residential Property Tax Comparisons**

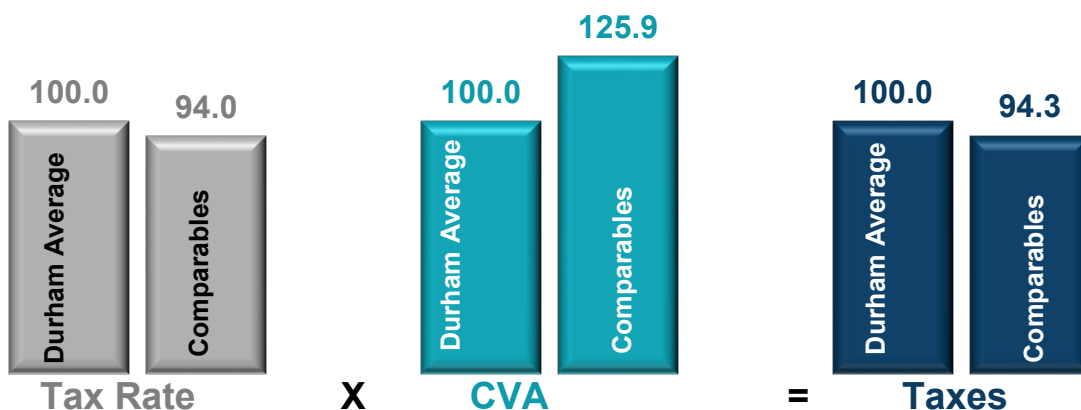
- 7.15 It is difficult to provide a valid non-residential property tax comparison. The primary issue is the uniqueness of the individual properties and the lack of robust sales transactions on which MPAC can base the assessments.
- 7.16 This difficulty has increased over the last few years, as a result of significant assessment appeals launched by the non-residential sector across Ontario for the previous two reassessment cycles and the resultant changes (implemented and anticipated in both specific property assessments and MPAC methodology).
- 7.17 However, the 2019 municipal ratio analysis clearly showed that Durham's commercial ratio is very competitive with comparator jurisdictions. As well, it is believed that municipal taxation is a lesser consideration in a commercial location decision when compared to factors such as customer density and affluence. Further, commercial growth within the Region has kept pace with residential growth over the past two decades.
- 7.18 Similar to the residential comparison, a commercial comparison based on 18 properties was conducted. As shown in Figure 12 on the following page, tax rates and assessment vary significantly between municipalities.

**Figure 12**  
**Commercial Sample Average: Tax Rate, Assessment and Taxation**



- 7.19 Although the commercial sample showed a high degree of variability, the average comparator municipal tax rates were 6.2 per cent higher than Durham's, while the average CVA was also higher by 15.5 per cent. The resultant property tax average of the comparators is approximately 11.6 per cent higher than in Durham Region.
- 7.20 An industrial comparison based on 12 properties was also conducted. Again, as shown in Figure 13, tax rates and assessment vary significantly between municipalities.

**Figure 13**  
**Industrial Sample Average: Tax Rate, Assessment and Taxation**



- 7.21 A high degree of variability exists in the sample, however the averages show that the Durham Region tax rate is 6.0 per cent higher than the comparators', while the CVA is 25.9 per cent lower. The resultant property tax average on the comparators is approximately 5.7 per cent lower than Durham Region.
- 7.22 The relative historical weakness of Durham's industrial property tax competitiveness is the reason for Council's decision to lower the industrial tax ratio approximately 10.5 per cent between 2018 and 2020 as highlighted in section 4.0.
- As noted previously, property taxation does not appear to be the significant driver in an industrial business determination of site selection.

## 8. Heritage Property Tax Rebates

- 8.1 On November 29, 2019, the Clerk of the Town of Whitby advised the Regional Clerk that the Council of the Town of Whitby adopted the following resolution (#323-19) on November 25, 2019.

*“That the Region of Durham be requested to support heritage preservation by adopting a by-law to provide a Regional property tax rebate for designated heritage properties, including those properties within heritage conservation districts.*

- 8.2 At the December 10, 2019, the correspondence was considered by the Regional Finance and Administration Committee and referred to staff for consideration in the 2020 Property Tax Study.
- 8.3 During the 14 years since heritage property tax rebate programs have existed in certain lower tier municipalities, Regional Finance staff have regularly consulted the Local Area Treasurers with respect to these programs.
- 8.4 Historically, Regional Council, in 2006 and 2014, has opted not to adopt a matching heritage property tax rebate program based on the principle that, as much as possible, Regional property taxation policy should treat similar properties across the Region in a similar fashion.
- 8.5 The legislative authority to grant a heritage rebate comes from Section 365.2 (1) of the *Municipal Act, 2001* which empowers a local municipality to implement a program of property tax reductions for eligible heritage properties.
- 8.6 The upper tier municipality is restricted under Section 365.2 (7) to matching an existing lower tier program and cannot create a rebate program in a local municipality that does not have an existing program.
- 8.7 Currently, in the Region, there are three local municipal heritage property tax rebate programs with different parameters within each program. Below are the estimated enrollments of the current local programs.
- Ajax            2 properties
  - Whitby        30 properties
  - Oshawa       8 properties
- 8.8 For clarity, if Durham Region were to match the existing three local programs, it would be in a position of providing property tax relief (funded by all Regional taxpayers) to heritage properties in three municipalities while not being able to provide similar relief to similar properties in the other five municipalities. Further, the legislation requires the upper tier to “*authorize a similar reduction*”, so the Regional rebates in each of the three local tiers could also be different (tied to heritage program parameters tailored to meet local objectives and therefore, having unique features as set by the individual local Councils).
- 8.9 Therefore, in keeping with the Regional objective of treating similar properties in a similar fashion across its jurisdiction, it is recommended that the Region not match any of the local municipal heritage property tax rebate programs at this time. Staff will continue to monitor the evolution of these local programs.

**9. Provincial Education Tax Rates**

- 9.1 On January 20, 2020, the 2020 education tax rates were enshrined in Ontario Regulation 6/20. Figure 14, on the following page, provides the 2020 provincial education tax rates.

**2020 Residential Ontario Education Tax Rates**

- 9.2 The residential and multi-residential education property tax rate will be 0.153 per cent in 2020, down from 0.161 per cent in 2019. It is estimated that the Average Region-wide home will experience a 1.1 per cent, or \$8 increase in residential education taxes as a result of the 2020 Ontario education property tax rates.

**2020 Commercial Education Tax Rates: Durham Region Rates**

- 9.3 The commercial broad class education tax rate (for shopping centres, office buildings, parking lots, on-farm and residual) is set at the provincial target rate of 0.98 per cent in 2020, down from 1.03 in 2019 resulting in an average decrease of approximately 0.7 percent in education taxes for the commercial occupied class.

**2020 Industrial Education Tax Rates: Durham Region Rates**

- 9.4 For 2020, the Province lowered the education tax rate for the industrial broad class in Durham Region to the provincial 2020 uniform ceiling rate of 1.25 per cent (down from 1.29 per cent in 2019) resulting in an average decrease of approximately 0.9 per cent in education taxes for the industrial occupied class. New construction in the Industrial broad class receives the lower provincial target property tax rate of 0.98 per cent.
- 9.5 It is worth noting, that reduction in Provincial education tax rates also reduces the education revenue retained by the local municipalities on eligible payment-in-lieu (PIL) properties.

**Figure 14**

<b>2020 Ontario Education Property Tax Rates</b>			
<b>Property Class</b>			<b>Education Tax Rate</b>
Residential			0.00153000
Multi-Residential			0.00153000
<b>COMMERCIAL</b>	Commercial	Occupied, Vacant & Excess Land	0.00980000
	Shopping Centres	Occupied & Excess Land	0.00980000
	Office Buildings	Occupied & Excess Land	0.00980000
	Parking Lots (Commercial)	Occupied & Excess Land	0.00980000
	New Construction	Occupied, Vacant & Excess Land	0.00980000
<b>INDUSTRIAL</b>	Industrial	Occupied, Vacant & Excess Land	0.01250000
	Large Industrial	Occupied & Excess Land	0.01250000
	New Construction	Occupied, Vacant & Excess Land	0.00980000
Pipelines			0.00980000
Farmland			0.00038250
Commercial On-Farm			0.00245000
Industrial On-Farm			0.00245000
Managed Forests			0.00038250
Farmland Awaiting			0.00114750
Development Phase 1			



**10. Looking Forward**

10.1 Regional Finance staff will continue monitoring future developments with respect to the following and report back to Regional Council on:

- the January 1, 2019 valuation date and 2019 CVA reassessment to be phased-in over the property tax years 2021 to 2024;
- outstanding and future 2016 CVA assessment appeals and related settlements (for tax years 2017 to 2020) at the ARB;
- impacts of General Motors closure of the majority of its auto manufacturing activities and related facilities in Durham Region and potential reuse of the properties; and

10.2 An information report is forthcoming to Regional Council to elaborate on issues surrounding the changing nature of work in the new economy and its potential impacts on property taxation (primarily non-residential) and municipal revenues.

Respectfully submitted,

Original Signed By

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Nancy Taylor, BBA, CPA, CA  
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

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Elaine C. Baxter-Trahair  
Chief Administrative Officer

## **Resolutions from Advisory Committees**

### **Durham Region Roundtable on Climate Change Committee**

1. Letter from the Regional Chair Henry on behalf of the DRRCC to the Members of Parliament Representing Durham Region Ridings

That we recommend to the Finance and Administration Committee for approval and subsequent recommendation to Regional Council:

That Regional Chair Henry send the letter with respect to working together to ensure we can meet our collective goals for climate action, as approved by the DRRCC at their meeting on January 17, 2020 to the Members of Parliament representing Durham Region ridings, on behalf of the DRRCC.

## Business Case

If this information is required in an alternate format, please contact the Accessibility Co-ordinator at 905-623-3379 ext. 2131

**Date: October 7, 2019**

**Subject: Full-Time Municipal Law Enforcement Coordinator**

### 1 Key Issues

With the complexity and volume of management and Municipal Law Enforcement (MLE) issues in the department, it has become abundantly clear that a single Manager is not able to properly attend to all the matters in a fashion that meets management's, Council's, nor the public's expectations and our customer service levels.

### 2 Desired Outcomes

Ensure that there is enough oversight of the day-to-day operations of managing the MLE Division as well as addressing the MLE matters which are escalated or assigned (including staff scheduling, training, and projects such as by-law reviews).

### 3 Scope

This applies only to the MLE Division of the Municipal Clerk's Department.

### 4 Background Including Current Situation, Statistics, and Service Levels

#### 4.1 The MLE Division

The MLE Division represents the enforcement arm of the Municipality and is a unique work environment in that it has several levels of employees and includes two work locations and two collective agreements. The Division is responsible for enforcing over 30 municipal regulatory and licencing by-laws. This includes investigating complaints and preparing correspondence. Where compliance cannot be achieved, the officers must prepare and lay charges for violations, assemble and coordinate all material for court and testify when needed.

A second major duty of the Division is to review existing by-laws and research and prepare amendments or repeals of the by-laws as needed. The officers must be familiar with current provincial legislation and court rulings as they affect municipal enforcement. When required, the MLE Manager must prepare written reports and position papers to advise and assist Municipal Council on various matters affecting the Municipality as a whole.

In addition the Division administers or enforces or works in accordance with certain Federal and Provincial statutes and regulations, such as the: *Canada Evidence Act*, *Criminal Code of Canada*, *Provincial Offences Act*, *Statutory Powers Procedures Act*, *Ontario Building Code Act*, *Drainage Act*, *Fire Protection and Prevention Act*, *Planning Act*, *Highway Traffic Act*, *Dog Owner's Liability Act*, *Municipal Act*, *Cannabis Control Act*, *Smoke Free Ontario Act*, *Weed Control Act*, *Ontario SPCA Act*, *Municipal Freedom of Information and Protection of Privacy Act*, *Occupational Health and Safety Act*, *Accessibility for Ontarians with Disabilities Act*. This includes the administering of Provincial protocols in some cases and acting under provincial authority as tribunal referees for specific legislation.

## 4.2 Current Situation

We are experiencing difficulty in meeting the service levels and customer expectations of senior management in the MLE Division. There is one full-time MLE Manager overseeing 18 employees: four full-time MLEO IIs; four full-time MLEO Is; two part-time MLEO Is; two MLE Clerks, in addition to the Animal Services Manager, the part-time Animal Services Clerk and two full-time and two part-time Animal Attendants reporting to the MLE Manager.

The MLE Manager position is responsible for a very high profile business unit (both from a Council and public perspective) which deals with volatile clientele. These interactions with the public frequently being negative as matters are escalated to this position. There is a constant barrage of negativity directed to the MLE Manager.

Aside from the technical knowledge required for the job, the MLE Manager must be skilled in conflict resolution and mediation with defendants and complainants.

The MLE Manager position must work in a high pressure environment and:

- Provide Division leadership in carrying out core functions as well as adhering to corporate strategies.
- Provide strategic direction for enforcement, licensing, and animal sheltering.
- Provide advice to management and Council in the form of reports and memos to Council.
- Undertake responsibilities in accordance with applicable Provincial legislation and municipal by-laws, corporate policies, and department procedures.
- Manage staff by setting policies, coordinate/provide training, creating and approving work schedules.
- Coach and advise officers on current investigations and options for enforcement.
- Supervise staff to ensure implementation and ongoing compliance with policies and procedures and monitor on-going quality of work and prioritization of dispatch duties.
- Complete special projects, including regular reviews of regulatory by-laws.
- Adjudication and advocacy by acting as primary appointee for conducting First Attendance Hearings for parking tickets and as the agent for the Municipality in a Property Standards Appeal.
- Prepare and administer the annual budget for the Division and create long range plans and forecasts for staffing.
- Address public complaints regarding MLE services as may be escalated by MLE Officers and/or Clerical staff.

In order to provide coverage during a prolonged absence by the MLE Manager, beginning in July, 2019, with the approval of the CAO, we temporarily assigned one of the senior MLEO IIs to the position of MLE Coordinator in order to address MLE escalations (i.e. addressing public complaints regarding MLE services), supervision and training of the MLEO Is, manage work schedules as per the collective agreement, administer First Attendance Hearings for parking infractions, etc. We have extended this temporary position for six months to overlap with the return of the MLE Manager in order to allow the Manager to focus on large files/projects, such as the review/update of the “Vehicle for Hire” by-law and the “Agri-Tourism” framework.

The current MLE Manager has a four week of vacation entitlement.

## 4.3 Statistics

There is a correlation between MLE activities and the volume of issues escalated to the MLE Manager.

### Counter Encounters

As a general indicator of MLE activity, we can use counter encounter statistics. Counter encounters are in-person interactions at the Trulls Road reception counter and they can include, but are not limited to, the following:

- Parking Complaints
- Parking Tickets
- Parking Permits
- Property Standards
- Snow clearing
- Grass cutting
- Refreshment Vehicle Licensing
- First Attendances
- Sign Licensing
- Fireworks Licensing
- Taxi licensing
- Pet Licensing

The following shows the total number of counter encounters at Trulls Road in recent years:

Year	# Counter Encounters <sup>1</sup>	Comments
2017	1050 <sup>2</sup>	
2018	1595	
2019 (as of September 30th)	1597	Since we are already at 2018 levels, we anticipate a 25% increase over 2018.

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<sup>1</sup> From manual Trulls Road counter encounter statistics (i.e. excludes telephone encounters).

<sup>2</sup> The values for 2017 are lower because the counter statistics for Trulls Road only started May 1<sup>st</sup>, when the MLE Division moved to Trulls Road.

## Parking Tickets

Similarly, increased numbers of parking tickets issued result in an increased number of first attendances. If a person wishes to dispute a parking ticket, they schedule a first attendance, which is a meeting with the MLE Manager. These are in person meetings which are scheduled Tuesdays and Thursdays between 2:00 PM and 4:00 PM and Wednesdays between 10:00 AM and noon. First attendances are booked in 15 minute increments.

The following shows the number of parking tickets issued in recent years:

Year	# Tickets Issued <sup>3</sup>	Comments
2017	8,322	
2018	9,753	17% increase over 2017
2019 (as of September 30th)	10,612	Since we are already 8% over 2018 levels, we anticipate a 30% increase over 2018.

The following shows the number of first attendances scheduled in recent years:

Year	# First Attendances <sup>4</sup>	Comments
2017	501	
2018	631	26% increase over 2017
2019 (as of September 30th)	824	Since we are already 31% over 2018 levels, we anticipate a 45% increase over 2018.

## Municipal On-Street Parking Permits

Even the issuance of municipal on-street parking permits (MOPPs) can indicate greater activity escalated to the MLE Manager since the purchasing of parking permits often arises out of escalations to the MLE Manager.

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<sup>3</sup> Based on Command Centre query of infraction dates.

<sup>4</sup> Based on Command Centre query of Court/Scheduled Appointments.

The following shows the number of permits issued in recent years:

Year	# Permits Issued <sup>5</sup>
2017	627
2018	927
2019 (as of October 3rd)	985

### Online Visitor Parking Passes

In an effort to streamline the process of first attendances, in February, 2017, we instituted an online visitor parking pass service where a resident could register for up to seven days of free on-street parking, which should have reduced the number of first attendances arising out of “one-off instances where the public felt a need to park on the street”.

The following shows the number of days of visitor parking days:

Year	# Visitor Pass Days <sup>6</sup>
2017	5616
2018	10286
2019 (as of September 30th)	10839

However, although the use of the visitor parking passes has increased dramatically, it has not decreased the number of first attendances.

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<sup>5</sup> Based on the MOPP excel document – looking at number issued, not the permit number.

<sup>6</sup> Based on Command Centre query of online visitor parking passes – each record is a separate day.



## Municipal Law Occurrences

The following are the number of municipal by-law occurrences/cases in recent years showing that, although the percentage of parking complaints may be decreasing, the volume of LDO complaints as a total are increasing (i.e. we are already at 2018 levels as of October 3rd):

Year	Total # LDO <sup>7</sup> Complaints	(Of Total) Parking Complaints Only	Parking Complaints as a %
2017	1800	709	39%
2018	2936	792	27%
2019 (as of October 3rd)	2903	689	24%

## Formal Complaints

By the very nature of the MLE Division, it is subject to a higher number of formal complaints than the other divisions. The MLE Manager is very involved in these complaints and therefore a great deal of time can be devoted to a complaint. The following is a summary of formal complaints involving the MLE Division in recent years:

Year	# MLE Division Formal Complaints <sup>8</sup>
2016	2
2017	6
2018	8
2019 (as of September 30th)	10

## 4.4 Service Levels

The Clerk's Department strives for exceptional customer service and works toward improving it, so much so that in 2017, we identified a need to have the MLE Manager focus on continuous improvement initiatives.

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<sup>7</sup> Based on LDO where the occurrence number begins with the corresponding year.

<sup>8</sup> These formal complaints may have been just within our complaint procedure and/or they may have been formal complaints to the Ombudsman.

As a result, we instituted a Continuous Improvement Plan which identified actions to support the following key strategies or responsibilities:

1. Ensure timely, consistent cooperation and relevant communication with Council, internal clients, Department Head, and CAO
2. Ensure timely and consistent communication with external clients
3. Compliance and Enforcement of Municipal By-laws
4. Division Resources
5. Other management activities outside of the Business Plan

See Attachment 1 for details of the work involved to support the above.

The MLE Manager strives to minimize the response time for complaints, as well as dedicate time to special projects, and oversee the day to day management of a large and varied team. With only a single senior manager in MLE, it is near impossible to achieve these tasks within regular work time frames, resulting in missed vacations, and regular overtime.

Our next steps in our customer service evolution is to implement Key Performance Indicators (KPIs). However, this requires a dedicated amount of time to implement and monitor in order to be successful. At this point, the necessary resources are not available.

## 5 Alternatives

### 5.1 Option 1 – Hire a Full-Time MLE Coordinator

This option involves hiring a full-time MLE Coordinator. This person would be responsible for assisting the MLE Manager in the day-to-day operation of the MLE Division, and support to the MLE Manager. The position's main focus is to supervise the MLEOs (including the development and approval of their work schedules) as well as be the primary appointee for conducting First Attendance Hearings for Parking Tickets. This option provides a backup to the MLE Manager during vacation and other absences. This option would free up the MLE Manager to address escalations from the MLEO IIs, special projects, and providing proactive strategic direction for the Division. See Attachment 2 for a draft of the job posting for this new position.

## 5.2 Option 2 – Status quo

This option involves leaving things as status quo. We have worked hard to improve the image and professionalism of the Division and have succeeded in many areas in recent years. However, without a dedicated professional focussed on the core values and duties, this is currently not sustainable. As we have experienced in 2019, this is not a tenable as it is putting too much strain on the current MLE Manager. To remain status quo, the service levels of returned calls, escalations, special projects, etc. will need to be modified.

## 6 Other Considerations (Strategic Plan, Legal, CUPE, Financial, Environmental, Technological)

There are no issues anticipated from the union as this position is non-affiliated and is not taking away from affiliated positions.

### 6.1 Financial Considerations

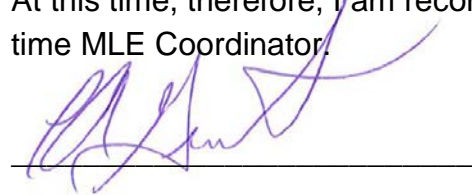
It is anticipated that the salary of this position would be at a Grade 6 level which, for 2020, is \$79,743 to \$96,928. See attached draft job posting.

## 7 Consultation with Other Departments

Not applicable

## 8 Recommendation

At this time, therefore, I am recommending that consideration be given to hiring a full-time MLE Coordinator.



C. Anne Greentree  
Municipal Clerk

CAG/jg

### Work that Supports the Continuous Improvement Focus

- Regular updates to front-line staff
- Conducting information sessions with client departments and individual Members of Council to understand their needs
- Development of policies such as: licensing policy, dispatch and investigation policy.
- Streamlining of processes
- Managing dispatch data to ensure that it remains current and accurate.
- Conducting regular systematic review of regulatory by-laws through research and development to provide Council with the necessary background, analysis and recommendations to enable them to implement positive by-law policy changes.
- Establishing protocols for responding to requests and inquiries from Members of Council.
- Educate, through consistent, accurate and timely information.
- Establishing and managing dispatch protocols for follow-up communications with complainants and interested parties.
- Actively communicating enforcement activities.
- Developing and implementing a communication plan.
- Assessing the community needs and engaging residents and stakeholders to ensure by-law meet objectives and promote a safe and positive image.
- Ensure timely response and dispatch follow up by establishing and managing call priority protocols and anticipating service demands.
- Establish policies and protocols that provide for enforcement with a focus on “solving the problem” approach.
- Undertake risk assessments.
- Promote a professional, impartial, courteous and approachable image.
- Provide for continuous training/education.
- Coach and advise officers on current investigations and options for enforcement.
- Establish and manage staffing succession.

## **Planning Services Department**

### **Position: Convert Contract Planner I – Special Projects to Full-Time**

#### **Additional Compensation: \$20,900**

The conversion of the existing contract Planner 1 to full-time would improve the ability of the Planning Services Department to recruit and retain qualified staff in the Special Projects Branch. The existing contract expires in August. It has been extremely difficult to hire and retain qualified staff on contract. In the past 3 years, Planning Services has gone through 8 planners in this contract position which means that just as they are getting to know and understand the job, they are moving into other positions. It means that having the time and focus to achieve quality output from these contracts has been a challenge and will continue to be unless it becomes a full-time position.

The Special Projects Branch serves the other branches on projects such as ZONE Clarington, leads planning matters relating to heritage, community improvement and heritage incentive programs, aggregate resources, agriculture, and environmental stewardship and climate change. In addition, Special Projects currently serves the Corporation on real estate (recommended to be transferred to Legal as part of the corporate reorganization), Environmental Assessments by others, environmental permitting and other environmental study reviews (e.g. the Alternative Fuels proposal for St. Marys Cement, the Region of Durham's EFW capacity increase and eventual expansion, and Lake Ontario shoreline management matters). Managing a wide array of local issues, Special Projects often requires additional research and analysis to establish a good understanding of the issues. The issues are often complex and dynamic, many issues are tracked for several years in advance (e.g. anaerobic digester) to ensure comments on these projects consider the many potential ramifications for the Municipality as a whole.

It is anticipated that having a full-time Planner 1 in addition to the two positions in the Development Review branch would allow for cross-branch transitions. Typically, the Planner 1s move into other positions having a diversified background dealing with the many aspects of land use planning would serve the Department and Corporation well. For the past three years, a Contract Planner 1 has been augmenting the work on Zone Clarington. We are recommending this become part of the full-time complement.

Many special projects come with some level of funding for consultants (e.g. St. Marys/EFW air quality expert, Clarington Transformer, Port Granby, EFW EA review, Darlington New Build EA review). For these assignments, the Special Projects Branch serves in a project management capacity. To date, there has not been a mechanism to recover the costs associated with project management for these assignments. With the precedent set by the Secondary Plans, it could be possible, in the future, to recover these costs. In addition, Special Projects has handled grants from FCM (Priority Green and more recently Climate Change). Greater opportunity exists to pursue grant

opportunities; however, our ability to do so is limited by existing high priority projects and workloads. Grant opportunities require staff time to coordinate the grant application and for project management, reporting and monitoring, if applications are successful.

In addition to specific project work, the Special Projects Branch also often has community liaison committees or public engagement that continues for years after projects have been completed / constructed. Currently, Special Projects Branch staff represent the Municipality on the St. Marys Cement Community Relations Committee, the Port Granby Discussion Group, the Region of Durham's Energy from Waste Advisory Committee, and Ministry of Environment, Parks and Conservation required community liaison committees (Clarington Transformer, EFW-WMAC, Ganaraska Windfarm). Being able to share these assignments across additional staff would be a more efficient use of resources. Special Projects is also the liaison for two Council advisory committees, Heritage and Agricultural, and manage community liaison committees for the Bowmanville, Newcastle and Orono Community Improvement Programs.

Over the past three years, the amount of overtime being carried out by the Manager of Special Projects (although not paid), the Senior Planner and Planner II in Special Projects has been in excess of approximately 445 hours at time and a half either by payout or banked lieu time, which can be attributed to workload. The amount of overtime can be reduced if this new full-time position is created.

**Position: Convert Clerk I to Planner II – Community Planning**

**Additional Compensation: \$24,900**

The addition of a Planner II to the Community Planning Branch would mean the workload for Secondary Plans could be more efficiently and effectively carried out. The Community Planning Branch has 11 Secondary Plans plus 2 Sub-watershed Plans underway. This workload is a result of the Council adopted policies in OPA 107 allowing a group of landowners to advance timing by funding of a Secondary Plan preparation.

To meet the demand, a contract Planner II was hired. The contract expires in December 2020. As noted above, it is very difficult to find and retain contract planners, especially one with experience at a more senior level. We have the opportunity with the vacancy of the Clerk I position to make the Planner II full-time thus providing the incumbent with a greater incentive to remain with the Municipality.

It is anticipated that the Planner II would remain in Community Planning until the Secondary Plan and Neighbourhood Plan conversions are complete (3-4 years) at which time we would review whether the position should be repositioned. We would position the Planner II between branches depending on where the need is greatest. This has always been a strength of planning where we have a number of employees cross-trained and able to assist with the workload of any of the branches. Currently all Planner I and Planner IIs answer counter inquiries on a "planner of the day" schedule.

The impact on our 2020 budget would be an increase of \$24,900 which is the difference between the Clerk I and Planner II compensation. This conversion is possible as a direct result of the proposed corporate restructuring. In future years, the remaining monies to fund this position could be mitigated through increased application revenues which are anticipated.

### **Community Services Department**

#### **Position: Full-Time Aquatic Programmer**

#### **Compensation: \$80,800**

The Community Services Department is requesting that a Full-time Aquatic Programmer position be added in the Aquatics area of Recreation Services. This request has been discussed internally at the Department level for the last few budget years and has not been brought forward due to competing budget challenges. The last addition of supervisory staff in this area was in 2007 when a full time Aquatic Programmer position was created by combining two part-time positions in advance of the opening of the Newcastle & District Recreation Complex in 2008.

The Manager of Recreation Services oversees the aquatics business unit and the Aquatic Coordinator is responsible for the day to day operations of the area. The Coordinator is assisted by one full-time Programmer and one part-time Programmer.

This new position would be located at Diane Hamre Recreation Complex and would provide a full-time programmer at each of the two largest/busiest pool facilities. The existing 24-hour position would be relocated to the Alan Strike Aquatic and Squash Centre which has a smaller aquatic instructional program.

#### **Duties and Responsibilities**

The role of the Aquatic Programmer is to provide day to day support to facility, the staff team and customers. Currently there are three indoor pools and one outdoor pool. The day to day duties of the position would include:

- assist with recruitment, selection & orientation of deck level staff
- coordinate ongoing job specific training and skill development
- staff supervision, leadership and scheduling
- assist with staff evaluation and feedback
- assist with program planning, implementation & evaluation
- assist in aquatic administrative tasks
- respond to customer inquiries and feedback

### Justification for Consideration in the 2020 Operating Budget

Over the past few years, municipalities across the Province have been experiencing challenges recruiting, hiring and retaining aquatic staff. Unfortunately, Clarington has not been immune to this trend.

We are experiencing decreasing staff availability (as a result of increasing academic expectations and extracurricular activities) resulting in a need to hire, train and supervise a greater number of staff to meet our current service levels. We currently employ approximately 100 part-time deck staff and although we do employ head instructors and head guards, the responsibility for the supervision, management of risk and quality control of our programs rests primarily at the programmer level.

In addition to the challenges with the quantity of potential staff, we are also experiencing a decrease in the quality/experience of staff. In a very competitive marketplace, potential employees are being offered positions in multiple municipalities with many making their decisions based on schedules and rates of pay. If Clarington is not the employer of choice for these reasons, and we generally are not, many of the most qualified/experienced applicants choose to work in other Durham Region municipalities.

Although we do hire Head Guards and Head Instructors with responsibility for on deck supervision of staff during their shifts, the prime responsibility for the supervision of all staff rest with the programmers.

Our three indoor swimming pools operate an average of 207 hours per week and the majority of those hours require significant staff resources to operate. To help illustrate the growth in aquatics over the years, we have provided a comparison from 2008 to 2018 on some key performance indicators.

#### Swimming Lessons/Programs – Registered Participants:

2008	5,599	
2018	9,894	77% increase

#### Recreational Swim Visits:

2008	70,122	
2018	107,788	54% increase

#### Annual Aquatic Revenue:

2008	\$ 600,419	
2018	\$1,152,985	92% increase

This is a critical time in Aquatics. The Municipality needs to invest in staff resources in order to grow and develop leadership programs and to assist in the development of future aquatic staff. The addition of this position will allow the Community Services Department to:

- Enhance community education around aquatic job opportunities and explore potential partnerships to recruit candidates into expanded leadership programs.
- Create volunteer opportunities to attract and mentor young staff.
- Keep pace with the increasing community demand for aquatic programming.



In the recent staff report on future facility development in South Bowmanville, we indicated a concern on the ability to develop adequate resources to properly staff an additional swimming pool. This challenge coupled with the growth that has occurred in the aquatic business unit over the past 10 years has resulted in unmanageable expectations for key staff that is impacting the quality of service we provide our customers.

If this new FT position is not considered and approved, we will have an urgent need to create a new 24-hour Part Time Aquatic Programmer position. Based on the data and justification above this business unit will not be able to sustain the current levels of service in both the lesson and public swim areas. Additionally, the quality of the service provided to our customers will also suffer. The current marketplace for aquatic professionals is very competitive and staff are concerned that even a permanent part time position may not be able to attract quality candidates, therefore, the priority for staff is the full-time solution.

**Position: Part-time Customer Service Programmer**

**Compensation: \$51,400**

This position is needed in order to deal with the increasing demands and growth in this business unit (see details below), As with the creation of any new business unit, you are not always sure the original allocation of staffing resources will be adequate in the long term. This has certainly been the case with Client Services in Community Services. Some justification information below is provided to assist in moving this position forward for 2020.

Client Services was created in 2018, and since then the Customer Services area has evolved as a key support to the rest of the Department as it relates to registrations, facility permitting, POS transactions, transfer and withdrawal support and administration. As the other areas of the Department (i.e. aquatics, recreation programs) grow, so does the support provided by the Customer Services team.

ActiveNet is a complex Recreation Leisure Software. During implementation, users had a basic knowledge of the system. As requirements and knowledge has grown, there is an identified need to re-build some of the setup of the system based on our business model. This work requires extensive resourcing to complete. Not only does it involve changing structures that were originally created, it also requires annual maintenance as it relates to rates and fees updating.

Over the past few years, municipalities have become increasingly accountable to compliance with standards and procedures. With the Coordinator currently supporting the day to day operations, there are a number of key areas that are not receiving the required attention. With the addition of a Part Time Customer Service Programmer to assist with the day to day operation, the following will be able to receive more attention from the Co-Ordinator to bring into compliance:

- Cash Handling and cash audits in conjunction with Finance

- Allocation development of standards and training of full-time staff
- Structural review of reporting structures, staff portfolios
- Evaluation of hours of operation and departmental coordination to ensure CSR coverage is paired with peaks in the facilities
- SOCAN management, reporting and administration
- Continued standardized operations of Customer Service desks across locations
- Lean evaluation of Customer Service Desk processes to streamline and evolve efficiencies.

### Duties and Responsibilities

The role of the PT Customer Service Programmer is to assist the Coordinator to provide day to day support to the customer service team. We currently operate customer service desks in 5 of our larger recreation facilities. The day to day duties of the position include:

- Assist to hire, train and onboard part time Customer Service Staff
- Assist with delivery of training and development of Part Time Customer Service Staff
- Assist with the day to day supervision and guidance of PT staff
- Assist with the day to day operations of Customer Service Desks, including merchandise sales at swimming pool facilities
- Assist with the submission of content for General Facility Sections General Information Sections of the Recreation and Leisure Guide
- Assist with the creation and maintenance of customer service procedures for the Customer Service desks

Filling this PT position is also essential to the ability of the Department to take on the field permitting responsibilities that are recommended to be transferred from the Operations Department. These responsibilities alone make up the equivalent of 40% of an FTE. This position could also assist with some of the additional responsibilities if accessibility and tourism are transferred over to Community Services.

It is a critical time for this section that requires an investment in staff resources in order to continue to administer the workload increase in the area. As the number of customers, programs and transactions increase in all other areas, this will continue to impact the Customer Service team.

These new positions requested by Community Services can be accommodated within the Department's overall 2% target established by Council.

## **Operations Department**

**Positions: Five Temporary Workers (40 hours a week for two additional months)**

**Additional Compensation: \$42,950 (total for all five positions)**

The Operations Department is requesting that the term of employment for five existing temporary roads labourers be extended from six months to eight months. The availability of the additional 1,600 hours of work will help to ensure that required service levels continue to be met or can be potentially expanded. The two additional months of employment in April and November will include such duties as pothole patching, litter collection and providing traffic control for ditching operations. Other assigned duties that have recently become more frequent and could be covered by these additional hours include responses to beach flooding, roadway washouts and the clean-up of tree damage on roads from storms. These temporary provide coverage during the summer months when full-time staff requests for vacation and lieu time are the most frequent. The two additional months of April and November that are being requested are becoming more critical to the Operations Department as climate change is causing increased maintenance and damage to municipal infrastructure.

**Position: Clerk II Part-time to Clerk II Full-time**

**Additional Compensation: \$19,600**

The Operations Department has requested that one Part-time Clerk II position be increased to a full-time Clerk II position. The existing Part-time Clerk II is currently responsible for completing several duties including the processing of ON1Call locate requests, maintaining spreadsheets for budgetary and statistical information (salt, sand, gravel), preparing accounts receivable requisitions, accepting payments and completing various other clerical services for the Department.

Additional assistance is required from the Clerk II role due to the development of new internal tracking processes using "Citywide" software and an increase in work order requests. In 2018, the Operations Department logged 5,529 customer service requests and in 2019 the number grew to 6,472. For 2020, with the refinement of the existing Forestry work order process and the addition of new tracking systems for Fleet Services the number is expected to grow. The development of these new processes will allow the capture of data necessary to properly track and report on performance metrics. Other duties that will be assigned to the full-time Clerk II include the administration of the Seniors Snow Clearing Program and assisting the Administrative Assistant with the input of timesheets for 56 full-time staff and 36 seasonal staff. The full-time Clerk II role is integral to the well-being of the frontline administration of the Department by providing back-up support during very busy periods and at times of employee absence.

**Clerk's De pa**

**Position: Full Time Municipal Law Enforcement Coordinator**

**Compensation: \$117,205**

The rationale for this position is set out in a Business Case prepared by the Clerk dated October 7, 2019 (attached as Attachment 2.1)

This new position can be accommodated within the Department's overall 2% target established by Council.

**Emergency & Fire Services Department**

**Positions: Four Full-Time Firefighters**

**Compensation: \$318,400 (total for all four positions)**

The Fire Chief provided the following background information in support of his request for these same four positions in the 2019 Budget:

- In 1987, the Municipality began hiring firefighters, progressively staffing Station 1 (Bowmanville) and Station 4 (Courtice) with day shift firefighters.
- In 1994 an agreement between the Municipality and Ontario Power Generation required hiring additional firefighters to staff Station 1 24/7 and Station 4 12/7. In time, Station 4 would also be staffed 24/7.
- With Stations 1 and 4 staffed 24/7, the total number of firefighters was 32.
- In 2003, a formal Fire Master Plan was commissioned highlighting the growth curve in Clarington, increased residential development and increased calls for service that impacted the demand on volunteer firefighters. This, along with future growth and the need to enhance the department's depth of response, illustrated the need for an increase in staffing with both full-time and volunteer firefighters.
- In 2008, a Fire Master Plan update recognized municipal growth influenced by Holburn Bio-Medical Science Park, Courtice Energy Park, Darlington Nuclear Plant refurbishment/expansion, the ITER project, Highway 407 expansion and Go Train expansion through Clarington. The update provided recommendations projected out to 2021 that included hiring 4 firefighters annually along with the construction and staffing of an additional fire station in 2019.

- In the fall of 2011, the Association (Local 3139) recommended that Council endorse a minimum staffing clause of 4 firefighters per fire truck. The Association referred to several documents and reports including: NFPA 1710- Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations and Special Operations to the Public by Career Fire Departments, NFPA 1720- Standard of the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Volunteer Fire Departments, The NIST Report and Operational Planning: An Official Guide to Matching Resource Deployment and Risk from the Office of the Fire Marshal.
- Several Reports were provided to Council addressing staffing fire trucks including ESD 003-11, ESD 004-11 and ESD 006-11.
- In 2011 full-time firefighters staffed Station 1 and Station 4 24/7 with a total of 49 firefighters.
- In February 2014, a full Master Fire Plan was provided to Council. With regards to Firefighters, the Plan recommended staffing Station 2 (Newcastle) with full-time firefighters. In 2015, with the rebuild of Station 2 complete, 16 firefighters were assigned to staff Station 2 24/7.
- As of 2015, Station 1 was staffed with 20 firefighters, Station 4 was staffed with 20 firefighters and Station 2 was staffed with 16 firefighters with the additional 4 firefighters to be hired in 2016. The 2016 hiring of an additional 4 firefighters is outstanding and has led to the 2019 budget request.
- It should be noted a 2014 analysis by then Deputy Chief Berney, identified that it takes on average 5.2 firefighters to minimize firefighters' overtime and staff fire trucks with 4 firefighters after taking into consideration the total of vacation time, lieu days, sick days used and fire college assignments.
- Hiring an additional 4 firefighters in 2020 would make a total of 60 firefighters providing 24/7 protection at 3 stations in the following staffing model:
  - Station 1 – 1 Platoon Chief and 4 firefighters (5) per platoon
  - Station 2 – 1 Captain and 4 Firefighters per platoon
  - Station 4 – 1 Captain and 4 Firefighters per platoon
- Along with a minimum staffing practice of 4 firefighters per fire truck, the Department would only have to rely on volunteer firefighters staffing one truck to secure a depth of response equal to 16 firefighters enhancing firefighter safety, operational efficiency and effective Incident Management. It is for this reason I am strongly urging the additional 4 firefighters.
- The fire department is a composite department, with 25 volunteer firefighters approved for each station. Volunteer firefighter hiring and retention is becoming

increasingly more concerning in a community where a majority of the working population travels for employment limiting both their daytime availability and hours per day availability. In 2019, we will hire approximately 20 new volunteers to fill vacancies.

- Council determines the level of fire protection service to be provided. As Fire Chief, it is my responsibility to interpret the ability of the Department to respond using the collective response data and report to Council the service level provided and recommend changes when warranted.
- Industry standards suggest when faced with a moderate risk fire (single family, single storey residential dwelling) a minimum of 16 firefighters is required to arrive timely, provide an effective search to rescue and suppress a fire safely. Our current model that relies equally on full-time and volunteer firefighter numbers to staff fire trucks is not adequate.
- The characteristics of Clarington (611 square kilometers, 4 urban areas, several hamlets and a large rural area) will require the use of volunteer firefighters within Fire Services for many years. A fire response model that relies on a depth of response ratio of 3 on-duty full-time fire trucks and 1 fire truck staffed by volunteer firefighters with a minimum of 16 firefighters responding is required. To achieve this, hiring 4 additional firefighters is required.

The following additional comments are provided by the Fire Chief in support of this request in the 2020 Budget:

- What is new and what I would like to bring to Council's attention is the evolving trend we are seeing with our volunteers. As Council is aware, we are a Composite Department made up of career and volunteer staff. For years we have relied on support of the volunteers to run calls in their respective areas, as well as, to run calls in conjunction with our career staff.
- We have seen a change in our volunteer component over the past several years, however, the impact has reached a point of real concern recently. Typically, we were replacing an average of 10 volunteers annually, however that number is ever increasing: 18 new recruits in our last hiring and we anticipate requiring 22 in our current hiring. This is having a significant impact on our capital and operating costs with respect to PPE and training.
- We are also experiencing a decline in response at certain times of the day. Our dispatch model dispatches in two ways: calls in volunteer areas are supported with full-time crews for every call. For calls at our full-time stations, support of our volunteers is often required to assist with motor vehicle collisions along major roadways, medical calls and to stand-by supporting a quick response or in the event of another call. As our calls increase each year, so does the demand on volunteers.

We are experiencing a decrease in their ability to meet this demand. Often there are not enough to respond.

- The previous Master Fire Plan done in 2014 suggested increasing our volunteer numbers at our stations. Times have changed and I believe this recommendation is no longer practical and will not address current issues: calls have increased and declining volunteer response rates have become an area of concern especially during the weekday.
- It is also important that I highlight the concern with regards to the opening of the 407. Its full impact is unknown at this point, but it does need to be factored into decisions as this may increase call volumes.

As stated in the body of the Grant Thornton Organizational Structure Review Report dated December 4, 2019, the consultants have recommended (#22) “that an external review of the fire suppression service delivery model (i.e. the number and composition of staffing, number of firefighters per truck on calls) be completed”.