The Pandemic and Beyond: Perspectives from CAOs in the GTA

Speakers:
Janice Baker, Chief Administrative Officer, Region of Peel
Elaine Baxter-Trahair, Chief Administrative Officer, Regional Municipality of Durham
Bruce Macgregor, Chief Administrative Officer, Regional Municipality of York

Moderator:
Drew Fagan, Professor, Munk School of Global Affairs & Public Policy

December 6, 2022
Land Acknowledgement

We wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional lands of the Huron-Wendat, the Seneca, and most recently, the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land.
Questions?

Use the built-in Q&A feature in Zoom

or

ask in person

@imfgtoronto|#IMFGtalks
Today’s Presentation

Our current and future outlook

A case study
• Municipal finances under COVID
Region of Peel – Overview

Location
- Southern Ontario
- North and northwest of Toronto
- Area: 1,247 km²

Population
- 1.5 million people
- 187,000 businesses
Peel’s Financial Situation

Financially Sound

• Moody’s and S & P have given Peel Region a Triple A credit rating for 27 years in a row
Sustaining $2.7B Annual Operations

Grants & Subsidies
• Almost one-quarter of annual revenue is from the External funding i.e. Prov/Fed
• Most are for cost shared programs but don’t keep up with growth and inflation

Property Tax
• Less than half of operations is funded from property tax
• Not the ideal funding source for income redistribution programs
• Low appetite for increases vs. heightened inflation
Funding the $11B Capital Program

**Development Charges**
- Funds almost half of the capital plan
- Currently have $1.2 B in debt to cash flow DC timing
- Bill 23 would have huge impact

**Capital Reserves**
- Adequate in the short term
- Projected shortfall of $3.6 B between tax and utility programs over next 10 years
- Need annual infrastructure levies to maintain SOGR

- Capital Reserves: $5,126M, 46%
- Debt: $229M, 2%
- External: $311M, 3%
- Development Charges: $5,550M, 49%

Regional Services: $11.2 billion
Peel weathered the pandemic with its financial health intact (for the most part)

How?

- Much of the public health costs were borne by the Federal/Provincial governments
- Peel isn’t responsible for a public transit system in the region
- Delivered fewer services during the lockdown
COVID-19 outcomes

• Managed over 180,000 COVID-19 cases

• Provided second doses to over 90 per cent of residents aged 12 and over

• Administered 3.3 million doses of COVID-19 vaccine to Peel residents aged 12 and over
Peel’s financial future

Concerns:

• Inflation/possibility of recession

• Capital pressures (affordable housing/maintaining state of good repair/climate change)

• Uncertainty around....next slide
The Province of Ontario

Bills 23/39:

- Increased growth targets from the Province AND less money to support growth through development charges.
Thank you
Institute on Municipal Finance & Governance
University of Toronto

A Perspective from Durham Region
Chief Administrative Officer
Elaine Baxter-Trahair

December 5, 2022
A Perspective from Durham Region

IMFG Questions:
1. Economic and Fiscal Position
2. Challenges
3. Looking Forward
4. Next Steps: Opportunities & Action
5. Conclusion
Economic & fiscal position:

- Economic diversity & growth
- High Quality of Life
- Relatively stable revenues
- Sound fiscal management

### Long Term Population Forecasts

<table>
<thead>
<tr>
<th>Year</th>
<th>2031</th>
<th>2036</th>
<th>2041</th>
<th>2046</th>
<th>2051</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>902,000</td>
<td>997,000</td>
<td>1,090,000</td>
<td>1,193,000</td>
<td>1,300,000</td>
</tr>
</tbody>
</table>

Source: Region of Durham Growth Management Study Land Needs Analysis (June 2021)

### Oshawa CMA Real GDP Growth ($millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021 Forecast</th>
<th>2022 Forecast</th>
<th>2023 Forecast</th>
<th>2024 Forecast</th>
<th>2025 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Oshawa CMA Employment By Industry (%)

- **Manufacturing**: 2010 = 10, 2021 = 7
- **Retail Trade**: 2010 = 16, 2021 = 16
- **Office**: 2010 = 21, 2021 = 25
- **Healthcare/ Education**: 2010 = 20, 2021 = 21
- **Culture, Infor, Accom, & Food**: 2010 = 11, 2021 = 8
- **Construction & Utilities**: 2010 = 12, 2021 = 12

Source: Statistics Canada
Go-forward Challenges

- Pandemic Recovery
- Economic Environment
- Changing Communities & Funding Supports
- Legislative Challenges
Pandemic Recovery:

- **Mental Health & Addictions Service Demands**
  - Significant increase in community needs
  - Staff shortages

- **Public Health**
  - Uncertainty in 2023 without guidance from Ministry
  - Backlog in routine immunizations due to pandemic

- **Transit Ridership**
  - Lower ridership & lowered cost recovery ratio

- **Long-term Care**
  - Enhanced protocols continue

- **Work-from-Home Changed Labour Expectations**
  - Durham is adapting
Challenging Economic Environment

- High Inflation and Labour Challenges (costs, hiring, retention)
- Material & Labour Supply Shortages
- Increasing service and infrastructure demands
- High proportional property tax burden on the residential sector as the industrial tax base has declined — service economy
**10-year Capital Needs are Significant:**

<table>
<thead>
<tr>
<th>Estimated Capital Expenditures (000s)</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027-2031</th>
<th>2022 &amp; Forecast Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham Regional Police Service</td>
<td>6,247</td>
<td>5,947</td>
<td>10,728</td>
<td>15,647</td>
<td>38,943</td>
<td>142,028</td>
<td>219,540</td>
</tr>
<tr>
<td>Durham Region Transit</td>
<td>16,100</td>
<td>29,189</td>
<td>183,273</td>
<td>48,171</td>
<td>20,580</td>
<td>109,437</td>
<td>406,750</td>
</tr>
<tr>
<td>Public Works</td>
<td>418,853</td>
<td>226,569</td>
<td>210,761</td>
<td>196,494</td>
<td>163,865</td>
<td>685,187</td>
<td>1,901,729</td>
</tr>
<tr>
<td>Water Supply &amp; Sanitary Sewerage</td>
<td>266,481</td>
<td>611,592</td>
<td>367,714</td>
<td>583,092</td>
<td>383,678</td>
<td>1,256,490</td>
<td>3,469,047</td>
</tr>
<tr>
<td>Health</td>
<td>4,308</td>
<td>5,064</td>
<td>2,589</td>
<td>3,455</td>
<td>2,655</td>
<td>16,470</td>
<td>34,541</td>
</tr>
<tr>
<td>Social Services</td>
<td>2,655</td>
<td>112,853</td>
<td>12,775</td>
<td>1,823</td>
<td>1,693</td>
<td>32,833</td>
<td>164,632</td>
</tr>
<tr>
<td>9-1-1 Emergency System</td>
<td>303</td>
<td>73</td>
<td>10</td>
<td>253</td>
<td>269</td>
<td>530</td>
<td>1,438</td>
</tr>
<tr>
<td>Social Housing</td>
<td>25,671</td>
<td>18,138</td>
<td>10,368</td>
<td>7,257</td>
<td>4,962</td>
<td>14,257</td>
<td>80,653</td>
</tr>
<tr>
<td>Durham OneNet</td>
<td>6,728</td>
<td>14,500</td>
<td>14,500</td>
<td>15,200</td>
<td>11,100</td>
<td>17,700</td>
<td>79,728</td>
</tr>
<tr>
<td>Other</td>
<td>10,120</td>
<td>11,435</td>
<td>9,558</td>
<td>11,923</td>
<td>11,138</td>
<td>16,041</td>
<td>70,215</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td>757,466</td>
<td>1,035,360</td>
<td>822,276</td>
<td>883,315</td>
<td>638,883</td>
<td>2,290,973</td>
<td>6,428,273</td>
</tr>
</tbody>
</table>

$6.4 billion of infrastructure and servicing needs by 2031
Primarily public works, water and sewer services
Changing Communities & Funding Supports

- **Need to adapt services to changing & growing community needs**
  - Demographic changes — aging & an increasingly diverse population
  - Homelessness and mental health support and outreach to increasing vulnerable populations

- **Addressing the climate emergency**
  - Addressing the climate emergency through corporate leadership and community mobilization
  - Implementing the Low Carbon Pathway in the Durham Community Energy Plan
  - Demonstrating leadership and accountability
  - Community & corporate carbon reduction

- **Immigration and settlement challenges**
  - Addressing the housing crisis & affordability issues
  - Supports for immigrants — influx of Ukrainian newcomers

- **Need stronger relationships with Indigenous communities**
- **Need to advance equity and accessibility programs**
2022 Legislative Changes: Negative Program Delivery Impacts

- Strong Mayors, Building Homes, More Homes Built Faster, Bill 23
  - Financial impacts & unintended consequences
    - Reduces revenue for growth-related municipal services & capital infrastructure
  - Existing taxpayers will pay more
  - Housing supply is restricted due to labour shortages

- Property taxes are inadequate funding sources for broadening social & redistribution programs — additional senior government funding or new revenue sources are needed

- Need to address strategic priorities while ensuring long-term financial sustainability
Looking Forward: Strategic Priorities

Environmental Sustainability
• Corporate Climate Action Plan – carbon reduction
• Collaborative governance for community climate action

Community Vitality
• Paramedic Services Master Plan
• Enhanced supports for residents in long-term care
• Diversity, Equity and Inclusion program
• Durham Vision Zero to improve community safety

Economic Prosperity
• Economic Development Strategy
  “Ready Set Future – A PLACE Blueprint for Durham”
• DRT service recovery and enhancements

Social Investment
• Advance At Home in Durham Housing Plan
• Support to the homeless or those at risk of homelessness
• Immigrant Settlement

Service Excellence
• Continue implementation of myDurham311 project
Next Steps: Opportunities & Action

Proactive, Bold & Transformational Change

Five-year Economic Development & Tourism Strategy

- Aspirations for long-term prosperity:
  People, Location, Acceleration, Creativity and Enablers (PLACE)
- Collaborating to prioritize servicing employment lands
- Connecting underserved communities with high-speed broadband
- Attracting new investment
- Future energy, next gen mobility, arts/culture/creative, digital technology & agri-food

Indigenous Engagement Protocol
(Rights Holders: Williams Treaties First Nations)

- Stronger relationships between Indigenous & non-Indigenous people
- Engagement principles:
  - Understanding the Duty to Consult - creating a culture of desire to engage
  - Truth & Reconciliation beyond the basics
  - Defining priorities and fulfilling Indigenous rights, titles and treaties
  - Indigenous policy, ceremony, & expectations
Next Steps: Opportunities & Action

Proactive, Bold & Transformational Change

Master Housing Strategy

- “At Home in Durham, the Durham Housing Plan 2014-2024”
- Commits to 1,000 new affordable housing units by 2024
  - Revitalize Durham Regional Local Housing Corporation portfolio
  - Review public surplus lands
  - New partnerships & incentives for affordable, community, supportive and transitional housing
  - Support preservation/modernization of community housing
  - Review/modernize homelessness system
  - Reduce chronic homelessness to zero

2022 Transportation Tomorrow Survey

- Travel trends to inform future planning
- Help us understand post-pandemic travel trends
- What transit recovery will look like
Next Steps: Opportunities & Action

Proactive, Bold & Transformational Change

Community Safety & Well-being Plan

• Municipal Working Group — integrated approach to address local priorities
• Funded Mental Health Support Unit — partnership with Lakeridge Health
• Funding Inter-departmental Primary Care Outreach Program
• Established Downtown Oshawa Senior Leadership Taskforce with Lakeridge Health & the City of Oshawa

Immigration Settlement & the Ukrainian Humanitarian Response Project

• Supporting immigrants to reduce housing/homelessness risks
• GTHA-coordinated emergency response
• Agreement with Community Development Council of Durham to provide wrap-around supports
• Housing support for 100 Ukrainians (34 families).
• $2 million of dedicated Regional funding
Conclusions

Financial Sustainability Challenges

- Property taxes are a limited revenue source for expanding social redistribution & support programs
- Large investments are required
- Development charges are crucial to fund new growth infrastructure & new legislation reduces funding
- Could delay key infrastructure or strategic initiatives to address community support programs & growth servicing needs

Addressing Challenges:

- Identify long-term capital & operating requirements & risk (long-term financial planning)
- Seek partnerships and cooperation & find efficiencies
- Strategic vision to focus efforts and build partnerships, innovate and act
- Coordinate effective asset & risk management programs to achieve best practice / compliance
- Seek new sustainable funding sources
Almost 1.2 million residents call York Region home, making it one of the largest municipalities in Canada. Our geography – which is comprised of about 1,800 square kilometres over nine different municipalities – is as beautiful, interesting and diverse as our people.
York Region is expected to accommodate the largest proportion of growth in the Greater Golden Horseshoe (GGH) (Growth Plan Act, 2006)
2022 10-Year Capital Plan $9.5 Billion

- Growth: $6.0 B (63%)
- Rehabilitation and Replacement: $3.5 B (37%)
2022-2031 Capital Plans by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peel</td>
<td>$11.9</td>
</tr>
<tr>
<td>York</td>
<td>$9.5</td>
</tr>
<tr>
<td>Durham</td>
<td>$6.4</td>
</tr>
<tr>
<td>Halton</td>
<td>$5.7</td>
</tr>
<tr>
<td>Waterloo</td>
<td>$5.7</td>
</tr>
</tbody>
</table>

Per Capita:
- Peel: $7,934
- York: $8,098
- Durham: $9,223
- Halton: $9,554
- Waterloo: $9,898

Source: Population is based on 2021 Census
2022 10-YEAR CAPITAL PLAN: SERVICE AREA & FUNDING SOURCES

1 Other (expenditures) includes York Regional Police, YorkNet, YRRTC, Court Services & Financial Initiatives

2 Other (funding) includes Other Recoveries and Housing York Inc. debt

3 Grants & Subsidies include Canada Community-Building Fund (CCBF)

4 Tax Levy includes Program Specific Reserves, Debt Reduction Reserve and General Capital Reserve
Fees as a Share of the Average Cost of a New Single or Semi-Detached Home in York Region

- Development Costs: 82% (2017), 80% (2022)
- HST and Land Transfer Tax: <1% (2017), <1% (2022)
- Regional DCs: 1% (2017), 2% (2022)
- Average Local DCs: 3% (2017), 4% (2022)
- Education/GO Transit DCs: <1% (2017), <1% (2022)

Source: York Region Finance and Canadian Mortgage and Housing Corporation
Financial Impact of COVID-19

- Transit
- Public Health
- Temporary shelter services

* Includes approved tax levy budget
COVID-19 VACCINATIONS
YORK REGION

INDIGENOUS RESIDENTS (18 YEARS OF AGE AND OLDER)

STAY SAFE
BOOK YOUR APPOINTMENT TODAY
- Local Municipalities
- Indigenous Communities and Organizations
- Ontario Health Teams
- Chief Medical Officer of Health
- Council of Medical Officers of Health
- Primary Care Providers
- York Region COVID-19 Vaccine Task Force
- York Region Hospitals
- York Region Pharmacies
- York Region Paramedic and Senior Services
- York Regional Police
- York Region Transit and Metrolinx
- York Region Access York
- Community Partners including Canada’s Wonderland
Questions?

*Use the built-in Q&A feature in Zoom*

*or*

*ask in person*

@imfgtoronto|#IMFGtalks