

COMMUNITY AND CORPORATE AFFAIRS COMMITTEE AGENDA

Meeting #: CCA-03-2019
Date: Monday, February 25, 2019, 3:00 p.m.
Location: Halton Hills Town Hall, Council Chambers
 1 Halton Hills Drive
Members: Mayor R. Bonnette (ex-Officio), Councillor J. Fogal, Chair,
 Councillor C. Somerville, Councillor J. Hurst, Councillor T. Brown,
 Councillor W. Farrow-Reed, Councillor A. Lawlor

	Pages
1. CALL TO ORDER	
2. DISCLOSURE OF PECUNIARY INTEREST	
3. COMMITTEE DELEGATIONS/PRESENTATIONS	
4. REPORTS & MEMORANDUMS FROM OFFICIALS	
Vet Reports to be considered by the Community and Corporate Affairs Committee	
Reports will be automatically held when there is a presentation or delegation on the matter.	
a. <u>REPORT NO. CORPSERV-2019-0010</u>	3
CORPORATE SERVICES REPORT NO. CORPSERV-2019-0010 dated January 16, 2019 regarding Ministry of Municipal Affairs and Housing 2017 Financial Indicator Review.	
b. <u>REPORT NO. CORPSERV-2019-0019</u>	12
CORPORATE SERVICES REPORT NO. CORPSERV-2019-0019 dated February 4, 2019 regarding 2019 Halton Court Services Business Plan and Budget.	
c. <u>REPORT NO. CORPSERV-2019-0022</u>	31
CORPORATE SERVICES REPORT NO. CORPSERV-2019-0022 dated January 9, 2019 regarding Financial Management Policies.	

d. **REPORT NO. RP-2019-0007** 39
RECREATION AND PARKS REPORT NO. RP-2019-0007 dated February 4, 2019 regarding Tender Award T-004-19 for Trafalgar Sports Park Expansion - Construction of 3 Ball Diamonds.

e. **REPORT NO. RP-2019-0008** 44
RECREATION AND PARKS REPORT NO. RP-2019-0008 dated January 3, 2019 regarding Ice Resurfacer Purchase-Single Source Approval.

5. CLOSED SESSION

Committee to Convene into Closed Session if necessary.

6. RECONVENE INTO OPEN SESSION

Motion to approve items pertaining to Closed Session.

7. ADJOURNMENT

REPORT

REPORT TO: The Chair and Members of the Community and Corporate Affairs Committee

REPORT FROM: Amy Prueter, Senior Financial Analyst

DATE: January 16, 2019

REPORT NO.: CORPSERV-2019-0010

RE: Ministry of Municipal Affairs and Housing 2017 Financial Indicator Review

RECOMMENDATION:

THAT Report No. CORPSERV-2019-0010 dated January 16, 2019 regarding the Ministry of Municipal Affairs and Housing 2017 Financial Indicator Review be received as information.

BACKGROUND:

Each year the Ministry of Municipal Affairs and Housing (Ministry) distributes a Financial Indicator Review, based on the results reported in the Town's Financial Information Return (FIR) and Financial Statements. It also includes the comparative median and average results of other non-rural, lower-tier municipalities in Southern Ontario. The 2017 Financial Indicator Review is based on the information reported in the 2017 FIR, which was presented to the Community and Corporate Affairs Committee on May 28, 2018.

Minor changes were made to the how the indicators are calculated in 2017 and indicators were renamed in order to make them easier to understand. The Debt Servicing indicator has been changed to the "Debt Servicing cost as a % of Total Revenue" in order to recognize all revenues available to the municipality. The "Net Financial Assets or Net Debt as a % of Own Purpose Taxation, User Fees and Service Charges" indicator title has changed but the data and calculation remain the same. The indicator previously named "Cash and Cash Equivalents as a % of Current Liabilities" has been changed to "Cash Ratio". The formula for this indicator is the same but is presented as a ratio rather than a percentage.

The name of the Asset Consumption ratio has been changed to “Closing Amortization Balance as a % of Total Cost of Capital Assets” and the Operating Surplus ratio has been renamed to “Annual Surplus/(Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges” as these indicators are measured as a percentage, not a ratio. The other 2017 published indicators remain the same, as previous years.

In May 2009, the Public Sector Accounting Board (PSAB) released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. Consistent with this, the Ministry has divided the indicators into sustainability and flexibility categories:

- a. The sustainability indicators measure the degree to which a government can maintain its existing financial obligations both with respect to its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden. It also describes the impact that the level of debt could have on service provision. For example, if a government’s net debt is increasing faster than its own purpose taxation and user fees, then there is heightened risk around the maintenance of service levels.
- b. The flexibility indicators measure the degree to which a government can change its debt or tax burden to meet its existing financial obligations both with respect to its service commitments to the public and financial commitments to creditors, employees and others. It provides insight into how a government manages its finances. Increases in current borrowing, reduces future flexibility to respond to developing adverse economic circumstances. Similarly, increases in taxation, user fees and services charges, reduces the ability of a government to do this in the future as citizens and businesses have a limit to what they are willing to pay.

The Town has incorporated some of the relevant Financial Indicators into the Long Range Financial Plan and monitors compliance with these indicators prior to making financial decisions.

COMMENTS:

Appendix A lists the results of the seven indicators that the Ministry is measuring. The 2017 review also includes the previous four years from 2013 through 2016 for purposes of comparison. Additional notes on how each of the indicators is calculated and supplementary information is also included.

The Ministry assigns a risk factor to each of the indicators and rates results on a low, moderator or high risk category. The Town falls into the low risk category in all but one of the indicators. The “Debt Servicing Cost as a Percentage of Total Revenues” is categorized with a moderate level of risk. The following section reviews each of the 7 financial indicators in detail.

Sustainability Indicators

1. Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied

This ratio is a measure of outstanding taxes receivable as a percentage of total taxes that are levied in the year. The Town has only 4.0% of taxes that are classed as due and payable to the Town as at December 31, 2017. This trend continues to improve and remains favourable when compared to the other municipalities. The Ministry classifies this result as low risk and is indicative of tax payers paying their taxes in a timely manner.

2. Net Financial Assets or Net Debt as a % of Own Purpose Taxation, User Fees and Service Charges

Net financial assets or net debt is calculated by subtracting the Town's liabilities from its assets. The Town is in a net financial asset position, as the value of assets exceeds its liabilities. When the net financial asset value is divided by the sum of own purpose taxation, user fees, and service charges for 2017 the Town's ratio is 137.3% and falls into the low risk category.

The ratio has improved over the past 3 years due to higher short-term investments through additional contributions to Town reserves and lower long term liabilities through repayment of long term debt.

3. Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses

This indicator measures the balance in the Town's reserves to current operating expenses (including amortization), and is used to determine whether there are sufficient funds set aside to cover unplanned expenses.

Total reserves are currently sitting at 65.5% of 2017 operating expenses indicating a low level of risk and a continued positive trend. For the current reporting year this is slightly higher than 2016 and remains higher than the municipal comparators. The positive trend for 2017 is due to a greater increase in reserves and discretionary reserve fund balances when compared to the increase in operating expenses.

4. Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)

Total cash on hand as at December 31, 2017 and the book value of the short-term investments with the Region are the numerators for this ratio. The denominator is driven by the Accounts Payable balance outstanding at year end, otherwise known as current liabilities. This is a measure of the Town's liquidity or the ability to pay out of cash the current invoices that are waiting to be paid.

At the end of 2017, the Town was in a position to pay those outstanding invoices 5.05 times. There was \$74.6M of cash on hand, an increase of \$11M over 2016 and current liabilities were \$14.2M, up \$0.5M over last year.

The year-over-year review of this indicator shows a large favourable increase commencing in 2014. Following an analysis of the ratio results in 2013 and discussions on the nature of the investments the Town makes with the Region, it was determined the investments should be classified as cash equivalents for the purpose of reporting on the FIR instead of long-term investments. As such, this change was made for the 2014 reporting period, impacting the historic trend of this indicator for the 2013 fiscal year.

Flexibility Indicators

5. Debt Servicing Cost as a % of Total Revenues

This indicator measures the current portion of long-term debt which consists of principal and interest for the operating year and compares it with annual revenues to determine how much of those revenues are being used to repay debt.

In 2017 the Town used 5.8% of its annual operating revenues to cover debt costs, an increase over the prior year. This falls into the moderate risk category. Analysis of the indicator show that debt principal and interest charges are comparable with 2015 and 2016 however, operating revenue is \$5.5M lower. Lower revenues for 2017 were a result of differences in the recognition of gains on disposal of fixed assets and lower utilization of development charge revenues.

6. Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)

This indicator measures the cost of accumulated amortization against the historical cost of the Town's assets. The ratio indicates that based on accounting useful life, 45.3% of the depreciable assets have been used. This is categorized with a low level of risk. The level has remained constant over the 5-year comparative period however it is on average, higher than the comparator municipalities.

It is important to consider that this ratio uses historical capital asset book value, not current replacement cost. Also, the amortization rates are based on accounting useful life, not actual remaining life based on the current condition of the asset. The Town's asset management plan involves collecting data on the condition of the assets. This, combined with a calculation of an optimal maintenance and replacement program, will allow for a more accurate quantification of the Town's asset consumption ratio.

7. Annual Surplus/(Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)

This indicator measures the ability of the Town to cover operational costs and have funds available for other purposes. In 2017 the Town had an operating surplus ratio of 17%. This ratio is comparable with the municipal median value and while it has declined since 2016, it remains a low risk level.

The numerator of this ratio is the annual surplus which was lower in 2017 due to lower operating revenues. As discussed previously, this is a result of differences in the recognition of gains on disposal of fixed assets, and lower utilization of development charge revenues. In addition to these drivers, higher expenses in 2017 contribute to a decrease in the ratio.

RELATIONSHIP TO STRATEGIC PLAN:

The recommendations within this report support Council's strategic priority regarding financial sustainability:

Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.

FINANCIAL IMPACT:

There is no financial impact directly related to this report.

CONSULTATION:

A detailed review of the Statement of Financial position by Finance staff was required to explain the reasons for movements in financial results over the 5-year comparative period.

PUBLIC ENGAGEMENT:

There has been no public engagement by the Town with respect to this report.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

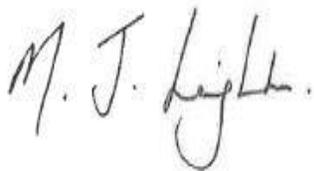
COMMUNICATIONS:

There is no communications impact associated with this report.

CONCLUSION:

The Financial Indicator Review is an important but incomplete picture of municipal financial health. It can be used as a tool to identify potential problem areas associated with the financial status of the Town. Based on the financial indicators, the Town falls into the low challenge category in all but one of the indicators. The “Debt Servicing Cost as a Percentage of Total Operating Revenue” is categorized at a moderate challenge level.

Reviewed and Approved by,



Moya Jane Leighton, Manager of Accounting and Town Treasurer



Jane Diamanti, Commissioner of Corporate Services



Brent Marshall, Chief Administrative Officer

FINANCIAL INDICATOR REVIEW

(Based on 2017 Financial Information Return)

Halton Hills T

Date Prepared:		2017 Households:	20,874	Median Household Income:	106,349
MSO Office:	Central	2017 Population:	58,672	Taxable Residential Assessment as a	
Prepared By:		2018 MFCI Index:	n/a	% of Total Taxable Assessment:	79.4%
Tier:	LT			Own Purpose Taxation:	45,529,558

SUSTAINABILITY INDICATORS

Indicator	Ranges	Actuals	South - LT - Regions - Non-Rural		Level of Risk	
			Median	Average		
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2013	6.1%	6.7%	6.8%	LOW
		2014	5.2%	6.0%	6.3%	LOW
		2015	4.7%	5.3%	6.0%	LOW
		2016	4.2%	4.9%	5.4%	LOW
		2017	4.0%	5.1%	5.3%	LOW
Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges	Low: > -50% Mod: -50% to -100% High: < -100%	2013	102.0%	99.8%	82.7%	LOW
		2014	107.1%	84.0%	80.6%	LOW
		2015	97.7%	92.6%	82.1%	LOW
		2016	119.7%	96.0%	83.4%	LOW
		2017	137.3%	95.5%	83.7%	LOW
Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses	Low: > 20% Mod: 10% to 20% High: < 10%	2013	39.2%	47.3%	52.5%	LOW
		2014	42.7%	46.3%	52.0%	LOW
		2015	50.3%	51.1%	55.7%	LOW
		2016	62.4%	52.7%	58.0%	LOW
		2017	65.5%	58.2%	59.5%	LOW
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	Low: > 0.5:1 Mod: 0.5:1 to 0.25:1 High: < 0.25:1	2013	0.19:1	1.73:1	1.99:1	HIGH
		2014	4.44:1	1.91:1	2.09:1	LOW
		2015	3.39:1	2:1	2.26:1	LOW
		2016	4.46:1	2.33:1	2.37:1	LOW
		2017	5.05:1	2.09:1	2.46:1	LOW

FLEXIBILITY INDICATORS

Debt Servicing Cost as a % of Total Revenues	Low: < 5% Mod: 5% to 10% High: >10%	2013	4.8%	3.5%	3.7%	LOW
		2014	4.0%	3.4%	3.6%	LOW
		2015	5.0%	3.2%	3.3%	LOW
		2016	5.4%	3.1%	3.5%	MODERATE
		2017	5.8%	3.1%	3.4%	MODERATE
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	Low: < 50% Mod: 50% to 75% High: > 75%	2013	43.0%	35.1%	33.3%	LOW
		2014	43.4%	35.9%	34.0%	LOW
		2015	42.4%	36.9%	34.6%	LOW
		2016	43.6%	37.5%	35.2%	LOW
		2017	45.3%	38.0%	36.6%	LOW
Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)	Low: > -1% Mod: -1% to -30% High: < -30%	2013	7.8%	13.7%	20.6%	LOW
		2014	59.7%	12.0%	19.7%	LOW
		2015	57.8%	15.2%	24.0%	LOW
		2016	35.4%	17.7%	23.3%	LOW
		2017	17.0%	20.9%	30.0%	LOW

 The data and information contained in this document is for informational purposes only. It is not an opinion about a municipality and is not intended to be used on its own - it should be used in conjunction with other financial information and resources available. It may be used, for example, to support a variety of strategic and policy discussions.

FINANCIAL INDICATOR REVIEW

(Based on 2017 Financial Information Return)

Halton Hills T

NOTES

Financial Information Returns ("FIRs") are a standard set of year-end reports submitted by municipalities to the Province which capture certain financial information. On an annual basis, Ministry staff prepare certain financial indicators for each municipality, based on the information contained in the FIRs. It is important to remember that these financial indicators provide a snapshot at a particular moment in time and should not be considered in isolation, but supported with other relevant information sources. In keeping with our Financial Information Return review process and follow-up, Ministry staff may routinely contact and discuss this information with municipal officials.

Supplementary Indicators of Sustainability and Flexibility

The following is a summary, adapted from the Chartered Professional Accountants of Canada Statement of Recommended Practice (SORP) 4.

- A government (including a municipality) may choose to report supplementary information on financial condition, to expand on and help explain the government's financial statements.
- Supplementary assessment of a government's financial condition needs to consider the elements of sustainability and flexibility.
- Sustainability in this context may be seen as the degree to which a municipality can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without inappropriately increasing the debt or tax burden relative to the economy within which it operates.
- Sustainability is an important element to include in an assessment of financial condition because it may help to describe a government's ability to manage its financial and service commitments and debt burden. It may also help to describe the impact that the level of debt could have on service provision.
- Flexibility is the degree to which a government can change its debt or tax level on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others.
- Flexibility provides insights into how a government manages its finances. Increasing taxation or user fees may reduce a municipality's flexibility to respond when adverse circumstances develop if the municipality approaches the limit that citizens and businesses are willing to bear.
A municipality may temporarily use current borrowing, subject to the requirements set out in the Municipal Act to meet expenses and certain other amounts required in the year, until taxes are collected and other revenues are received. Municipal current borrowing cannot be carried over the long term or converted to long term borrowing except in very limited circumstances.
- For each element of financial condition, the report on indicators of financial condition should include municipality-specific indicators and municipality-related indicators. It may be useful to also include economy-wide information when discussing financial condition.

Additional Notes on what Financial Indicators may indicate:

Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied - *How much of the taxes billed are not collected.*

Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges - *How much tax and fee revenue is servicing debt?*

Reserves and Reserve Funds as a % of Municipal Expenses - *How much money is set aside for future needs / contingencies?*

Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities) - *Measures the ability of the municipality to meet its current obligations with its current resources on hand.*

Debt Servicing Cost as a % of Total Revenues - *Indicates the extent to which past borrowing decisions may impact the current budget.*

Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio) - *measures the age of a municipality's physical assets. It measures the extent to which depreciable assets have been consumed by comparing the amount of the assets that have been used up and their historical cost.*

Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)- *Indicates the municipality's ability to cover its operational costs and have funds available for other purposes (i.e. reserves, debt repayment, etc.)*

The Northern and Rural Municipal Fiscal Circumstances Index (MFCl) *is used by the Ministry of Finance to calculate the "Northern and Rural Fiscal Circumstances Grant" aimed at northern as well as single and lower-tier rural municipalities. The index measures a municipality's fiscal circumstances. The MFCl is determined by six indicators: Weighted Assessment per Household, Median Household Income, Average Annual Change in Assessment (New Construction), Employment Rate, Ratio of Working Age to Dependent Population, and Per Cent of Population Above Low-Income Threshold. A lower MFCl corresponds to relatively positive fiscal circumstances, whereas a higher MFCl corresponds to more challenging fiscal circumstances. (Note: the MFCl index is only available for northern and rural municipalities)*

FINANCIAL INDICATOR REVIEW

(Based on 2017 Financial Information Return)

Halton Hills T

CALCULATIONS

Total Taxes Rec. less Allowance for Uncollectibles as % of Total Taxes Levied	SLC 70 0699 01 / (SLC 26 9199 03 - SLC 72 2899 09)
Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges	SLC 70 9945 01 / (SLC 10 0299 01 + SLC 10 1299 01)
Total Reserves and Reserve Funds as a % of Municipal Expenses	(SLC 60 2099 02+SLC 60 2099 03)/(SLC 40 9910 11-SLC 12 9910 03-SLC 12 9910 07)
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	SLC 70 0299 01 / (SLC 70 2099 01 + SLC 70 2299 01)
Debt Servicing Cost as a % of Total Revenues	(SLC 74 3099 01 + SLC 74 3099 02) / SLC 10 9910 01
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	SLC 51 9910 10 / SLC 51 9910 06
Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)	SLC 10 2099 01 / (SLC 10 0299 01 + SLC 10 1299 01)

REPORT

REPORT TO: The Chair and Members of Community and Corporate Affairs Committee

REPORT FROM: Moya Leighton, CPA, CGA
Treasurer/Manager of Accounting

DATE: February 4, 2019

REPORT NO.: CORPSERV-2019-0019

RE: 2019 Halton Court Services Business Plan and Budget

RECOMMENDATION:

THAT Report CORPSERV-2019-0019 dated February 4, 2019 regarding 2019 Halton Court Services Business Plan and Budget be received;

AND FURTHER THAT the 2019 Halton Court Services Business Plan and Budget as attached as Schedule A to this report be approved.

BACKGROUND:

On February 19, 2001, the administration of the Provincial Offences Act (POA) was transferred from the Province to the municipalities in the Region of Halton. An Inter-municipal Agreement was entered into between the local municipalities and the Region of Halton establishing Halton Court Services (HCS) for delivering the court services of the Provincial Offences Courts.

The agreement provides for the establishment of a Joint Management Board (JMB), comprised of the CAOs of the participating municipalities, to receive and approve the quarterly financial statements, annual Business Plan and Budget. The funding formula, whereby the net revenues are shared with the Municipal Partners, allocate 50% of the revenues to the Region of Halton with the remaining 50% of the net revenues distributed to local Municipal Partners based on the proportion of annual assessment relative to the Regional base.

In keeping with the Inter-municipal Agreement between the Town of Halton Hills, City of Burlington, Town of Milton, the Town of Oakville and the Region of Halton, the Town is required to provide its approval of the proposed annual Business Plan and Budget for HCS.

COMMENTS:

Update on 2018 Budget Year

The overall 2018 budget is projected to have a favourable variance of 19.1% as per page 4 of schedule A.

The Town's portion of the revenue sharing formula for 2018's revenues has fallen slightly since 2017 to 4.55% (see page 6 of Schedule A). However, the overall amount of revenues to be distributed has risen since the prior year, resulting in an estimated 2018 distribution of \$267,557 for the Town of Halton Hills.

2019 Budget Year

On November 15, 2018, the Joint Management Board (JMB) for Halton Court Services (HCS) received and approved the 2019 Business Plan and Budget for the Provincial Offences Courts in Halton. The following recommendations were adopted:

1. Recommendation: Approve the 2019 Halton Court Services budget as presented.
2. Recommendation: Contribute \$50,000 from net revenues to the Reserve Fund during 2019 to ensure that requirements of the Reserve Fund Policy are met.
3. Recommendation: Approve \$70,000 for replacement of all computer hardware as per the City's life-cycle replacement schedule. Costs to be funded through the Reserve Fund.
4. Recommendation: Approve \$32,750 in capital spending for the undertaking of final steps in the Growth Management Plan during 2019 for professional project management expertise and internal consulting and support. All costs to be funded through the Reserve Fund.

2019 revenues are expected to increase by 10.6%, and this is attributable primarily to the increasing average fine value. Fine volume, with the exception of red light camera charges has dropped by 19% over a two year period. It is estimated that Halton Hills will receive \$211,832 in a share of revenues, based on the 2018 weighted average assessment (see page 8 of schedule A).

2019 expenditures have increased by 26.5%, mainly due to \$620K of additional rent for the new courthouse and the holdover rent of one month for the Milton courthouse and four months of rent for the Burlington courthouse.

The Business Plan addresses two emerging issues related to legislative changes and these are outlined on page 11 of Schedule A.

An update on the transition to the new POA courthouse is provided on page 12 of Schedule A.

The proposed 2019 Business plan and budget have been reviewed and approved by the Joint Management Board (JMB) and the Area Treasurers for Halton Court Services (HCS). Both the CAO and Town Treasurer recommend that Council approve the 2019 Halton Court Service Business Plan and Budget.

RELATIONSHIP TO STRATEGIC PLAN:

This report supports the strategic objective:

Council's current "Top Eight" priorities, 2014-2018 – Effective, efficient and economical delivery of the Town's existing services.

FINANCIAL IMPACT:

Halton Hills' share of the POA revenues is based upon 50% of the net revenues being divided among the local municipalities proportionately to the ratio of the regional assessment base. The 2019 POA Budget estimates revenue of approximately \$211,832, for Halton Hills based on the 2018 weighted average assessment.

CONSULTATION:

The Business Plan and Operating Budget (Schedule A) were reviewed by the Area Treasurers on October 11, 2018 and the CAOs which form the Joint Management Board (JMB) on November 15, 2018.

PUBLIC ENGAGEMENT:

There has been no public engagement with respect to this report by the Town.

SUSTAINABILITY IMPLICATIONS:

The sustainability implications of the recommendations of this report were reviewed against the requirements of the Town's Sustainability Implications Worksheet. The Worksheet is completed for substantial non-administrative reports, major projects, studies, policies and initiatives that are relevant to advancing the town's economic, cultural environmental and social well-being, and quality of life. Since this report is none of the latter, the Sustainability implications section is not applicable.

COMMUNICATIONS:

The final Council recommendations will be forwarded to staff at the Halton Court Services (HCS).

CONCLUSION:

The 2019 Halton Court Services Business Plan and Budget have been forwarded to each Council representing the five Municipal Partners for adoption.

It is recommended that Council for the Town of Halton Hills approve the 2019 Halton Court Services Business Plan and Budget (Schedule A).

Reviewed and Approved by,



Jane Diamanti, Commissioner of Corporate Services



Brent Marshall, Chief Administrative Officer

**ONTARIO COURT OF JUSTICE
PROVINCIAL OFFENCES OFFICE**

HALTON COURT SERVICES

**2019 BUSINESS PLAN AND
BUDGET**

**City of Burlington
Town of Halton Hills
Town of Milton
Town of Oakville
Regional Municipality of Halton**

October 2018

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RECOMMENDATIONS

1. **Recommendation:** Approve the 2019 Halton Court Services budget as presented.
2. **Recommendation:** Contribute \$50,000 from net revenues to the Reserve Fund during 2019 to ensure that requirements of the Reserve Fund Policy are met.
3. **Recommendation:** Approve \$70,000 for replacement of all computer hardware as per the City's life-cycle replacement schedule. Costs to be funded through the Reserve Fund.
4. **Recommendation:** Approve \$32,570 in capital spending for the undertaking of final steps in the Growth Management Plan during 2019 for professional project management expertise and internal consulting and support. All costs to be funded through the Reserve Fund.

SECTION I

OVERVIEW OF 2018 PERFORMANCE

1. BUDGET PERFORMANCE

Revenues to End of June

The Municipal Partners had budgeted gross revenues of \$10.03 million for 2018. The following chart summarizes results by end of June and projections for the remainder of the year:

COMPARISON OF OVERALL PERFORMANCE TO BUDGET for the year ending December 31, 2018

	2018 Budget	Actual June 30/18	Actual % of Budget	Projection Dec 31/18	Projection % of Budget
Gross Revenue	(\$10,038,400)	(\$5,601,681)	55.8%	(\$10,782,654)	107.4%
Operations	\$5,052,500	\$2,318,978	45.9%	\$4,852,284	96.0%
Reserve Fund Contribution	\$50,000	\$25,000	50.0%	\$50,000	100.0%
Net Revenue	(\$4,935,900)	(\$3,257,703)	66.0%	(\$5,880,370)	119.1%

2. OPERATIONAL PERFORMANCE

Provincial Offences Charges

By end of June total number of filed charges reached 47.3% (34,503 charges) of the 73,000 number projected for 2018. It is projected that charges will only reach 64,500 by year-end because, with the exception of Red Light Camera charges, enforcement has decreased across agencies. The following chart illustrates the decline in charges over the last several years:

Charges Filed by Major Enforcement Agencies

	2012	2013	2014	2015	2016	2017	2018 Projected	% Difference ('14 to '18)
BY-LAWS	227	210	342	212	232	215	179	-37.1%
HRPS	50,768	49,366	49,289	48,350	49,940	43,759	41,151	-16.5%
MTO	4,495	5,839	5,687	4,242	4,378	2,466	2,389	-56.6%
OPP	9,470	8,569	8,038	8,707	7,960	5,496	5,011	-31.6%
RED LIGHT CAMERA		779	3,924	7,586	8,322	11,205	15,415	185.6%
MINISTRIES/HALTON REGION	1,537	2,448	2,014	601	485	435	355	-78.4%
TOTAL CHARGES	66,497	67,211	69,294	69,698	71,317	63,577	64,500	-6.9%

Explanation for the Decrease in Number of Charges

- Expectations that traffic enforcement by HRPS would align with Halton Region's population growth has not been realized. This assumption was based on the experience of other GTA regions that were facing a significant increase in population. HRPS charges have decreased by 18.9% since 2012.
- OPP has advised that their reduction in number of charges is primarily due to staff shortages and the expansion of Collision Reporting Centres which usually results in charges not being issued. In addition, when attending collision scenes, the OPP no longer issue charges unless injuries have been sustained.
- MTO has advised that they are experiencing a staffing issue and expect that enforcement will increase once staff has reached full complement. In addition, construction on the 401 in Halton has resulted in the recent closure of two weigh stations which account for a majority of MTO charges issued in Halton.

3. AUDITS

External Audit

KPMG performed an audit of HCS during March 2018 for the period ended December 31, 2017. There were no items of concern to report to the Partnership by way of an auditors' management letter. KPMG maintains a practice of issuing qualified opinions for all of its POA court clients due to the inability to review cash procedures at other POA courts accepting fine payments on behalf of HCS, and to review controls of the provincial ICON system utilized by all POA courts across the province.

Internal Audit

An internal audit of cash processes was conducted at HCS for the 2015 to 2017 period. An overall rating of "Good" was received, which is the second highest level. A few minor areas of concern were identified:

- Out of date cash handling policy.
- There are users in ICON with access not commensurate with their role.
- Combinations and electronic locking codes to safe are not changed immediately when staff members move to a different role or area.
- "Hold up bundles" or bait money are not utilized in all areas.

Staff have implemented some changes to address these main items of concern which include (but not limited to):

- Joining a Cash Handling Working Group within the City to update the cash handling policy and to ensure that all cash handling standards are met.
- A review of functions within ICON was undertaken to ensure that users only have access to areas which are required.
- Management will revoke access when a staff member leaves and to also change the combination for the safe and alarm system if necessary.
- A review of the level of security at HCS determined that the risk of a robbery were very low at HCS and therefore no "hold up bundles" would be necessary.

4. REVENUE SHARING

According to the established revenue-sharing agreement between the Municipal Partners and the Region of Halton, the Region receives 50% while the Municipal Partners receive a percentage of the 50% balance based on annual assessment rates.

Following is a five-year overview of net revenue distribution since 2014 including the estimated annual distribution for 2018:

Historical Annual Revenue Sharing % Based on Tax Assessment

	2014	2015	2016	2017	2018*
Burlington	16.40%	16.25%	16.10%	16.00%	15.85%
Halton Hills	4.75%	4.70%	4.65%	4.65%	4.55%
Milton	7.90%	8.05%	8.15%	8.20%	8.30%
Oakville	20.95%	21.00%	21.10%	21.15%	21.30%
Region of Halton	50.00%	50.00%	50.00%	50.00%	50.00%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

Historical Annual Revenue Distribution to Partnership

	2014	2015	2016	2017	2018*
Burlington	453,119	628,669	622,866	618,997	932,039
Halton Hills	127,436	181,830	179,896	179,896	267,557
Milton	213,257	311,433	315,301	317,236	488,071
Oakville	570,595	812,434	816,303	818,237	1,252,519
Region of Halton	1,364,407	1,934,367	1,934,367	1,934,367	2,940,185
TOTAL	\$2,728,814	\$3,868,733	\$3,868,733	\$3,868,733	\$5,880,370

*2018 projection to be realized

SECTION II

2019 OPERATING BUDGET AND PROGRAM CHANGES

1. 2019 BUDGET

The following chart provides a summary of total revenues and expenditures projected for 2019 as compared to the 2019 budget:

COMPARISON OF 2019 BUDGET TO 2018 BUDGET

	REVENUE			EXPENSES		
	2018 Budget	2019 Budget	% Difference	2018 Budget	2019 Budget	% Difference
Administration	(\$8,037,650)	(\$8,748,640)	8.8%	\$4,063,439	\$5,188,250	27.7%
Collections	(\$2,000,750)	(\$2,350,750)	17.5%	\$312,806	\$381,300	21.9%
Prosecution	0	0	0.0%	\$676,265	\$824,200	21.9%
TOTAL	(\$10,038,400)	(\$11,099,390)	10.6%	\$5,052,500	\$6,393,750	26.5%

Overall Revenues

The Municipal Partners are projecting gross revenues based on actual/projected number of charges and average fine values over the last five years.

Although population continues to grow at a fair rate across Halton, with the exception of red light camera charges, the number of charges filed by local enforcement agencies has reduced by approximately 19% over the last two years. This is contrary to the experience of other regions, where there was a strong correlation between population growth and increased local enforcement. As a result, a total of 64,000 charges is projected for 2019 with the expectation that enforcement practices will continue at the current rate. Gross revenue for HCS in 2019 is budgeted at **\$11.1 million** as compared to **\$10.0 million** during 2018.

The **10.6% increase in revenue** over the 2018 budget can be attributed primarily to the increasing average fine value (based on last three years). The growing number of distracted driving, seatbelt and red light camera charges is primarily responsible for the increase in average fine value.

Overall Expenditures

Total expenditures in 2019 are budgeted at **\$6.4 million** compared to the **\$5.1 million** budgeted for 2018. This represents an overall **increase of 26.5% in expenditures**. A majority of this increase can be attributed to:

- The additional rent of \$620,640 for both the new courthouse and the holdover rent of one month for the Milton courthouse and four months for the Burlington courthouse.

- The Municipal Partners had identified a requirement for five full time and two part time staff to accommodate the expansion of courts services, the larger court facility and the re-alignment of court services as per recent initiatives introduced by the Regional Senior Justice’s Office. The recommendation for these additions to staff in the 2018 Business Plan was approved by Area Councils. Given the reduction in number of charges, there has been a decision to not proceed with adding an additional staff person in the Administration Unit. As a result, the 2019 budget includes the additional cost for four full time and 2 part time staff:
 - Collections Unit - The net budget impact on human resources costs for the additional Collections Representative is approximately \$74,100 per year. It is projected that the additional staff will generate approximately \$200,000 in gross revenue during the first year and approximately \$300,000 per year thereafter.
 - Prosecution Unit - The net budget impact on human resources costs for the additional Prosecutor and part time Case Administrator is approximately \$125,500 per year.
 - Administration Unit – The net budget impact on human resources costs for the additional Facility Operator and 1.5 Courtroom Monitors is approximately \$193,600.

See Appendix A for copy of the overall 2019 POA Budget.

Recommendation #1: Approve the 2019 Halton Court Services budget as presented.

2. WRITING-OFF OF UN-COLLECTABLE FINES

In accordance with the Write-Off Policy, the Municipal Partners are seeking approval from the Area Treasurers and the Joint Management Board to write-off those defaulted fines that have accumulated during 2018 where it has been determined there are no viable means of collection. Write-offs scheduled during 2019 will total approximately 989 cases with a total value of approximately \$380,150.

3. REVENUE STABILIZATION FUND

Revenue Sharing

The following chart outlines the share of revenues for the Municipal Partners and the Region based on 2018 weighted average assessment. Disbursements will be reconciled to reflect 2019 values once the information becomes available in early 2019:

2019 Requisitions Based on 2018 Weighted Average Assessment	
Region	(2,327,820)
Burlington	(737,919)
Halton Hills	(211,832)
Milton	(386,418)
Oakville	(991,651)
Total	(4,655,640)

Stabilization Fund and Flat-Lining Net Revenue Distribution

The Area Treasurers drafted a Municipal Partner Revenue Stabilization Fund (MPRSF) policy and a MPRSF was created in early 2014 to assist the partners in protecting against the impact of volatility in fine revenue, and to provide a source of funding to stabilize revenue sources annually, including the impact related to the new court facility. The policy directed that any net revenue in excess of the 2015 net revenue distribution be transferred to the MPRSF.

Net revenue has exceeded budget each year since 2013 and net revenue surplus has been transferred to the MPRSF. Interest is allocated to the MPRSF on an annual basis.

Given the current healthy balance of the MPRSF and long-term projections of a small impact on net revenue, the Area Treasurers have directed that contributions to the MPRSF end as of 2018. Per policy, an annual review of the MPRSF will continue to be carried out by the Area Treasurers. The following chart provides an overview of the MPRSF over the next five years:

STABILIZATION FUND				
Year	Net Revenue Over Budget	Use of Funds (Admin Fee)	Interest	Balance
2013	\$359,155			\$359,155
2014	\$1,186,072	(\$413)	\$23,642	\$1,568,456
2015	\$766,402	(\$464)	\$26,977	\$2,361,371
2016	\$1,031,976	(\$770)	\$39,893	\$3,432,470
2017	\$1,456,422	(\$1,171)	\$59,914	\$4,947,636
2018*	\$0	(\$1,230)	\$74,215	\$5,020,621
2019*	\$0	(\$1,291)	\$75,309	\$5,094,639
2020*	\$0	(\$1,356)	\$76,420	\$5,169,703
2021*	\$0	(\$1,423)	\$77,546	\$5,245,825
2022*	\$0	(\$1,495)	\$78,687	\$5,323,018
2023*	\$0	(\$1,569)	\$79,845	\$5,401,294
*Projected				

4. RESERVE FUND

Contribution During 2019

The Municipal Partners regularly conduct an annual review of the Reserve Fund in order to ensure that future capital cost requirements are reflected and that the required minimum balance of \$300,000 is maintained. The Municipal Partners are recommending that the minimum contribution of \$50,000 continue to be made to the Reserve Fund during 2019.

Expenditures During 2019

The Municipal Partners are recommending that a total of \$102,570 in expenditures during 2019 be approved for:

- replacement of all computer hardware (\$70,000) as per the City's life-cycle replacement schedule; and
- undertaking of final steps in the Growth Management Project (GMP) including additional external project management services (\$22,570) and reimbursement of staff time (\$10,000). The additional project management expense is primarily due to the one-month project delay and the decision to transition to the new courthouse by moving the Burlington and Milton court facilities over two separate dates.

Approval was received in the 2018 Business Plan for a project management expense of \$9,000 during 2019. The proposed total Reserve Fund expenditures during 2019 are \$111,570.

Reserve Fund Forecast

Following is the Capital Budget Forecast for the five-year period 2018 to 2023:

CAPITAL BUDGET FORECAST				
Year	Requirements	Use of Funds	Annual Contributions Including Interest	Projected Year-End Balances
	Balance Forward			\$2,177,884
2018	GMP - internal and external consulting services	(\$275,400)	\$75,750	\$378,234
	GMP - move/furnishings/fittings/equip	(\$1,600,000)		
2019	GMP - internal and external consulting services	(\$41,570)	\$57,565	\$324,229
	Computer Hard/Soft Replacements	(\$70,000)		
2020	TBD		\$56,485	\$380,713
2021	TBD		\$57,614	\$438,327
2022	TBD		\$58,767	\$497,094
2023	TBD		\$59,942	\$557,036

Recommendation #2: A contribution of \$50,000 from net revenues is made to the Reserve Fund during 2019 to ensure that requirements of the Reserve Fund Policy are met.

Recommendation #3: Approve \$70,000 for replacement of all computer hardware as per the City's life-cycle replacement schedule. Costs are to be funded through the Reserve Fund.

Recommendation #4: Approve \$32,570 in capital spending for the undertaking of final steps in the Growth Management Plan during 2019 including \$22,570 for professional project management expertise and \$10,000 for internal support.

5. EMERGING ISSUES

1. Transfer of Part III POA Prosecutions to Municipalities

As reported in the 2018 Business Plan, the Municipal Partners were advised by the Ministry of the Attorney General (MAG) in August of 2017 that the Province intends to transfer the prosecution of Part III POA matters to municipalities over a two-year period. City of Burlington staff on behalf of the Municipal Partners met with the local Crown Attorney for Halton on February 14, 2018 to discuss the transfer. An email followed from the Crown Attorney on April 11, 2018 to provide an update as to the steps underway at MAG to facilitate the transition.

To date, the City has not received any additional communication from MAG regarding the proposed transfer. An ad hoc group consisting of POA prosecution managers across the province was formed in February 2018 with the aim of sharing information with respect to the transfer process within each jurisdiction. The group has had three meetings to date and the consensus from those meetings is that there is very little information from MAG on the status of the transfer process. The Municipal Partners will report back if new information from MAG warrants.

2. Upcoming Legislation Affecting Court Administration

Bill 177 received Royal Assent in December 2017 which is part of the *Modernization of POA Courts Initiative*. *Bill 177* includes a proposal to amend current legislation to allow for the transfer of authority and scope of administrative functions from the local judiciary to court administration including: administering and entering convictions for all cases where defendants have failed to select an option; reviewing and granting of all applications for extension of time to pay; and the reviewing and granting of applications for re-openings.

The province is in the midst of finalizing the regulations related to the various functions affected including administrative procedures and forms. It is expected that these additional responsibilities will require a review of workload distribution to ensure that Administration continues to successfully manage and deliver effective court services. The Municipal Partners will report back when new information is received from MAG.

SECTION III

GROWTH MANAGEMENT PLAN

Background

Identifying a number of outstanding growth-related issues since 2006, including a need for additional courtrooms and auxiliary space and the increasing demand for operational efficiencies, the Municipal Partners approved a service delivery model that consolidates court services into one facility with increased space provisions for long-term accommodation requirements. Consequently, a plan was undertaken to procure a landlord for the delivery of a design-build-lease POA courthouse at 4085 Palladium Way, Burlington with a target date for occupancy of January 2019:

- RFP-216-15 was issued in December 2015.
- Approval was received in May 2016 from Municipal Partners to award RFP-216-15 to the recommended proponent and to proceed with negotiations of a 30-year lease.
- Lease Agreement and transfer of land finalized in March 2017. A public announcement and stakeholders advised in April 2017.
- Input and sign-off from key stakeholders (judiciary, prosecution, Halton Region Police and Halton's Crown Attorney) received in April 2017.
- Detailed design phase including: floor plans, superstructure, building permits, municipal approvals and project timelines completed in October 2017.
- Construction started in September 2017.

Update

1. Determined that there was a slight delay in project deadline and a decision was reached to move the target date for occupancy to February 1, 2019. This would ensure that court hearings would not be negatively impacted and that the Municipal Partners continued to fulfill obligations as per the Memorandum of Understanding.
2. Current facility leases for each courthouse were extended to accommodate the delay. The Milton Court lease was extended for one month and the Burlington Court lease was extended for three months.
3. Decision to carry out the move of two court locations on two separate dates was reached in order to meet revised lease terms and to facilitate a smoother transition to the new courthouse.
4. Site progress has been steady, with a revised schedule issued on July 31st indicating that a few items are behind schedule, but majority are tracking in line.
5. Project was 77% complete by mid-August.
6. City staff have completed procurement processes for a number of capital expenses related to the move and transition to the new courthouse including:

acquisition of all computer devices and all A/V equipment. Procurement processes are underway for a number of other acquisitions including courtroom millwork, furnishings and security system.

7. A detailed communication plan was created and implementation of first phase has begun.

Next Steps

1. Final phases of the communication plan will proceed.
2. Target date for substantial completion is November 4, 2018. At this time, the expectation is that City staff will be able to carry out the commissioning, fitting-up and moving in by February 1, 2019.

Project Management Professional Expertise and Consulting Services

Colliers Development Solutions continues to manage the project in order to ensure that the needs of the Municipal Partners are met. Currently, the contract calls for \$9,000 to be paid during 2019 as per the Agreement terms. Colliers has proposed an additional fee of \$22,570 for the additional scope of services needed as a result of the landlord's revised schedule, new tasks and other changes as a result of the decision to delay the move by one month. Some of these additional services include:

- Requirement to attend two additional site visits and preparation of two site reviews
- Defining scope of work for security system and preparing specifications for the RFP
- Design services for value-engineering and re-tendering
- Redesign of courtroom layouts to increase seating capacity
- Overseeing move over two weekends rather than one weekend

A current Project Timeline is outlined below. The project team is giving consideration to contingency plans in the event that there are any delays to this timeline.

New Provincial Offences Courthouse Project Timeline

PROJECT DELIVERABLE	PLANNED	FORECAST
Substantial Completion	September 30, 2018	November 4, 2018*
Turnover	October 1, 2018	November 4, 2018*
Commission/Fit-ups/Installation		Nov 4, 2018 – Jan 15, 2019
Move Starts	December 15, 2018	January 19, 2019 (Milton) February 2, 2019 (Burlington)
Move Complete	January 2, 2019	February 2, 2019*

*to be confirmed by Landlord

The Project Team will provide ongoing status reports to the Joint Management Board throughout the remainder of the project timeline.

APPENDIX A – 2019 OVERALL BUDGET

HALTON COURT SERVICES

2019 OVERALL POA BUDGET

8-Nov-18

OVERALL 2018 BUDGET	Projection to Dec 31/18	Expenditures	Cost Element	ADMINISTRATION		PROSECUTION	TOTAL	2019 vs 2018	
				Admin/Court Support 461110	Collections 461113	461140			
1,785,174	1,724,341	F/T Salaries	11111	1,351,215	225,633	582,147	2,158,995	5 additional staff plus 3.0% avg inc	
33,700	54,030	Part-time/Temp	11122	14,600	-	36,036	50,636		
-	992	Overtime	11131	-	-	-	-		
2,696	7,661	Vacation Pay - PT	11248	2,016	-	4,200	6,216		
322,414	319,034	Fringe benefits - FT/PT	11300	251,474	44,644	102,100	398,218		
159,700	165,131	Additional Benefits - FT/PT	11302	128,070	23,844	51,700	203,614		
26,229	22,765	Professional development	11410	10,550	2,000	16,250	28,800		
2,455	2,223	Employee memberships	11412	1,900	-	600	2,500		
2,332,350	2,296,177	Total Human Resources		1,759,850	296,100	793,050	2,849,000		22.2%
3,037	2,867	Books and subscriptions	22220	1,100	200	2,310	3,610		new tickets/forms
1,000	910	Meeting expenses	22223	1,000	-	-	1,000		
22,920	10,817	Printing and reproduction	22233	29,600	880	60	30,540		
12,855	13,449	General office supplies	22242	11,000	1,680	4,060	16,740		
52,900	52,055	Hydro/Water/Heat	22511	86,260	-	-	86,260		
1,000	1,000	Furniture and office equipment	37102	3,000	-	-	3,000		
16,775	16,563	Comp Software/Hardware/Maintenance	37105	78,850	885	7,500	87,235		
780,050	669,744	Building facility lease	33115	1,400,690	-	-	1,400,690	incl add rent for Burl/Mil facilities	
22,520	21,120	IT lines	33150	21,430	-	-	21,430		
7,020	4,983	Equipment rental	33172	5,125	-	2,685	7,810		
6,000	4,182	Bldg repair and maintenance	33210	6,000	-	-	6,000		
9,050	7,698	Equipment maintenance	33240	10,000	-	-	10,000		
50,560	47,380	Courier/Postage services	33250	30,270	10,500	780	41,550		
30,288	28,671	Telephones/Cell Phones	33253	16,800	6,670	7,452	30,922		
12,608	11,617	Travel Exp/Mileage	33320	2,400	100	2,025	4,525		
6,300	6,350	External audit	33359	6,350	-	-	6,350		
6,360	6,424	Armoured car services	33366	3,300	-	-	3,300		
130,000	122,193	Interpreters	33367	130,000	-	-	130,000	Judiciary/Prosecution additional courtroom	
357,875	357,875	Cost recoveries	45701	294,569	-	-	294,569		
949,126	921,240	Provincial Recoveries	33369	1,067,376	-	-	1,067,376		
339,740	348,707	Contract/External services	33450	122,730	61,000	4,300	188,030		
34,050	39,230	Janitorial Services	33467	71,100	-	-	71,100		
3,000	3,342	Court Related Fees	33510	-	3,300	-	3,300		
11,550	10,706	Witness fees	33516	11,000	-	-	11,000		
128,960	122,386	Point of sale-service charges	36194	130,000	-	-	130,000		
(275,400)	(275,400)	Reserve Fund offset for expenses	96306	(111,570)	0	0	(111,570)		
2,720,150	2,556,107	Total Other Expenditures		3,428,400	85,200	31,150	3,544,750		30.3%
5,052,500	4,852,284	TOTAL EXPENDITURES		5,188,250	381,300	824,200	6,393,750	26.5%	
(13,000)	(16,200)	Parking Fees	90852	(13,000)	-	-	(13,000)	3-yr rolling avge	
(8,048,250)	(8,652,338)	Fines (Gen)	91122	(8,583,680)	-	-	(8,583,680)		
(2,000,000)	(2,156,511)	Fines (Collections)	91122	-	(2,350,000)	-	(2,350,000)		
200,000	226,162	Bylaws Distributed	91124	165,600	0	-	165,600	5-yr rolling avge	
(750)	(819)	External recoveries	91410	-	(750)	-	(750)	incl parking/room rental 5-yr rolling avge	
(6,500)	(9,049)	Miscellaneous Revenue	90011/90852/91154	(135,680)	0	0	(135,680)		
(6,000)	(10,000)	Transcripts	91207	(15,000)	-	-	(15,000)		
(163,900)	(163,900)	Federal subsidy	92705	(166,880)	0	-	(166,880)		
(10,038,400)	(10,782,654)	TOTAL REVENUE		(8,748,640)	(2,350,750)	0	(11,099,390)	10.6%	
(4,985,900)	(5,930,370)	Net Operating Budget before Reserve Fund		(3,560,390)	(1,969,450)	824,200	(4,705,640)	-5.6%	
50,000	50,000	Contribution to Reserve Fund	45100	50,000	-	-	50,000		
1,067,115	0	Contribution to Stabilization Fund	45100	0	-	-	0		
(3,868,785)	(5,880,370)	NET OPERATING BUDGET		(3,510,390)	(1,969,450)	824,200	(4,655,640)	20.3%	

**2019 Requisitions
(Partnership Sharing based on 2018
weighted average assessment)**

Region	(2,327,820)
Burlington	(737,919)
Halton Hills	(211,832)
Milton	(386,418)
Oakville	(991,651)
Total	(4,655,640)

REPORT

REPORT TO: Chair and Members of Committee

REPORT FROM: Wendy O'Donnell, CPA, CGA
Deputy Treasurer and Manager of Revenue and Taxation

DATE: January 29, 2019

REPORT NO.: CORPSERV-2019-0022

RE: Financial Management Policies

RECOMMENDATION:

THAT Report No. CORPSERV-2019-0022 dated January 29, 2019 regarding Financial Management Policies be received;

AND THAT the following Financial Management Policies be approved:

Appendix A – Inter-Fund Loans – Development Charges Reserve Funds
Appendix B – Development Charges Background Study Continuous Review & Monitoring Policy

BACKGROUND:

Financial policies are central to a strategic, long-term approach to financial management and to safeguarding the Town's assets.

Where possible throughout the process, Town staff have consulted with area municipalities and sought guidance from professional and industry association publications (examples: Municipal Finance Officers Association, Chartered Professional Accountants of Canada, etc.).

COMMENTS:

Each policy is attached as an appendix. A brief description of each policy is outlined below.

Inter-Fund Loans – Development Charges Reserve Funds

This policy was developed as part of the Debt Management Policy and the Long Range Financial Plan. The policy outlines the process the Treasurer will utilize when inter-fund loans are needed for the Town's Development Charge Reserve funds.

Key areas of note:

- Monthly interest will be charged
- Terms will not exceed 10 years

Development Charges Background Study Continuous Review & Monitoring Policy

This Policy was developed as part of the Long Range Financial Plan. The policy outlines the process staff will utilize in monitoring growth in the Town.

Key areas of note:

- Development of the DC Background Study
- Types of variances
- Monitoring and Reporting

RELATIONSHIP TO STRATEGIC PLAN:

This report supports the priority around Municipal Service Delivery with respect to the effective, efficient and economical delivery of the Town's existing services.

FINANCIAL IMPACT:

The establishment of a strong financial policy framework is critical to sound decision-making in support of Council's strategic priorities.

The proposed policies promote the effective use of the Town's assets and provide guidance to staff in the delivery of services.

CONSULTATION:

This policy was developed by benchmarking with area local municipalities and various financial institutions.

PUBLIC ENGAGEMENT:

This report is an administrative matter and is not applicable.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

COMMUNICATIONS:

This report is an administrative matter and is not applicable.

CONCLUSION:

The development of formal policies provides for responsible, responsive and transparent management of the Town's finances. Staff will continue to develop financial policies for Council's consideration.

Reviewed and Approved by,



Moya Jane Leighton, Manager of Accounting and Town Treasurer



Jane Diamanti, Commissioner of Corporate Services



Brent Marshall, Chief Administrative Officer

POLICY

POLICY TITLE: Inter-Fund Loans - Development Charge Reserve Fund

POLICY NUMBER:

DATE: January 29, 2019

Purpose:

The Inter-fund loan policy for development charges reserve funds establishes a framework for the responsible, responsive and transparent management of the Town's reserves and reserve funds.

Policy Details:

Inter-fund loans are often needed to address timing variances between the receipt of development charges from developers and the need for those funds to pay for the Town's capital program.

Identifying the Need for an Inter-fund Loan:

The need for an inter-fund loan from Town reserves to Development Charges reserve funds is identified through the Long Range Financial Planning process (LRFP). The Senior Financial Analyst will monitor receipt of development charge funds on a monthly basis and update the LRFP accordingly.

Approval:

The Town Treasurer will issue inter-fund loans between Town reserves and Development Charge Funds within the limits of the inter-fund loan amounts identified in the Council Approved Long Range Financial Plan. Should additional inter-fund loans be required, the Treasurer will need to revise the Long Range Financial Plan and obtain approval for this from Council.

Interest:

Monthly interest will be charged on the inter-fund loan and will be charged at the monthly earned rate of return on the Town's Long Term Investment portfolio.

Loan Term:

The repayment term will be ten years.

Repayments:

The annual repayment of an inter-fund loan will take priority over the withdrawal of money from the Development Charges reserve fund to fund the capital program. Repayments are applied to the oldest inter-fund loan first.

Subsequent Loans:

Should subsequent inter-fund loans be required, a new ten year loan term is created for the loan amount and tracked separately by the SFA.

Reporting:

The status of all inter-fund loans will be reported through the reserve and reserve fund report, which at a minimum will be presented to Council annually.

POLICY

POLICY TITLE: Development Charges Background Study Continuous Review and Monitoring

POLICY NUMBER:

DATE: January 29, 2019

Purpose:

The Development Charges Background Study-Continuous Review & Monitoring Policy provides a framework for the responsible, responsive and transparent management of Town programs funded through development charges.

Policy Details:

The Development Charges Act (Act) is the legislative authority for growth-related capital spending. The Act requires a municipality to develop a capital program via a Development Charges (DC) Background Study. This study must be completed at a minimum of every five years.

Development of a DC Background Study

DC Working Group: The working group includes representatives from all departments to provide detailed project information and develop a balanced DC-funded capital program. Specifically, the group will include staff from the Planning and Economic Development departments to ensure information related to population, development and growth are captured. In addition, Treasury staff attends to provide financial guidance and expertise.

Project-Specific Information: The DC working group will complete a Capital Budget form (CB1) for each capital project to be included in the DC Background Study. The CB1 will include the project scope, timing, estimated cost and any potential external funding. Forecast lengths are dependent upon service type and are stipulated in the Act:

10 Year Capital Costs – Recreation and Parks, Library, Administration, Parking, Stormwater Management, and Transit

20 Year Capital Costs – Transportation (Public Works, Roads, Sidewalks, Traffic, Street Lighting, Signage), Fire Services

1 Halton Hills Drive, Halton Hills, Ontario L7G 5G2

Engaging Consultants: The Town will retain a consultant to coordinate the development of the Background Study and By-law. The consultant will assist the DC working group in compiling the required information that will generate the Town's capital growth program and calculate the DC rates.

Approval: The Act requires a DC Background Study and By-law to be approved by Council via a public process.

Identification of variances (following approval of a DC Background Study): Project variances may occur subsequent to the approval of the DC Background Study.

Types of Variances

Timing – Changes to the timing of a project may occur. If a project is accelerated from its original planned timeframe in the DC Background Study, Accounting staff will evaluate the impact on the DC reserve funds and determine if funding exists prior to confirming accommodation of the project under the Town's current financial plan.

External Funding – If external funding was identified in the DC Background Study and is no longer available or the amount has changed, the DC working group will research alternative external funding options. As above, Accounting staff will evaluate the impact on the DC reserve funds and determine if funding exists prior to confirming accommodation of the project under the Town's current financial plan.

Estimated Project Costs – The Act allows for the Town to fund the actual costs of a project identified in a Background study. Increased costs need to be communicated to Accounting staff. If the increased costs exceed the lower of either ten percent (10%) of the original gross project cost or \$100,000, the DC working group will identify a like project to be deferred to accommodate these increased costs.

Inflationary Increases – The Act requires the Town to update the Background Study at a minimum of every 5 years. As part of this process, capital projects in the forecast are reviewed and updated to reflect current costs, taking into account inflationary pressures.

All costs incurred on a project that differ from the costs identified in a Background Study are recoverable from development charges. These costs are incorporated in the appropriate reserve fund and are part of a future DC rate calculation.

Identification of New Projects – Growth projects not identified in the current DC Background Study must have Council approval to request inclusion in the next DC Background Study prior to commencement of that project. Projects with a cost of less than \$100,000 can be funded from DCs with Council approval. Projects with costs greater than \$100,000 can only proceed if a project of similar value already

listed within the DC Background Study is deferred to accommodate the new one.

All variances in timing, scope and costing need to be communicated by the DC Working Group to the appropriate Accounting staff prior to the project being included in the budget. The DC Working Group will identify potential projects for deferral and Accounting staff can then determine the impact of that deferral on the capital program. Accounting staff will provide an analysis of the following to the Treasurer and/or designate:

- Impacts on services with service level cap restrictions;
- Impacts on reserve fund balances due to changes in cash flow;
- Revised DC eligibility calculations due to changes in cost estimates or external funding availability;
- Eligibility of new projects that have been identified for DC funding.

Monitoring & Reporting:

The DC Background Study revenue collection forecast is based on the timing of development. On a monthly basis, Accounting staff monitors the collection of DCs against the planned forecast, which is an important factor in maintaining a relevant Long Range Financial Plan.

A team comprising of staff from Planning and Building will meet quarterly with the Accounting staff to review the development assumptions outlined in the DC Background Study and determine whether any adjustments are required. Any adjustments to the forecast will be reported by the Treasurer to Council through a revised Long Range Financial Plan. The revised Long Range Financial Plan will set the direction of the next budget. Accounting staff will provide a DC status update to the Budget team prior to the development of the annual capital budget and forecast.

Accounting staff will administer any financing agreements entered into by the Town to ensure DC credits are accounted for and reported.

Should DC revenue not be collected as per the forecast due to delays in development, this will result in the need to defer the capital program. The capital program will be modified to ensure that alternative funding options have been identified and secured prior to the capital program proceeding.

In support of the Town's commitment to transparency, the Treasurer will present an annual DC report to Council. This report outlines the annual costs expensed by the Town for growth-related projects and any DC credits associated with financing agreements.

REPORT

REPORT TO: Chair and Members of the Community and Corporate Affairs Committee

REPORT FROM: Mark Taylor, Senior Landscape Architect

DATE: February 4, 2019

REPORT NO.: RP-2019-0007

RE: Tender Award T-004-19 for Trafalgar Sports Park Expansion – Construction of 3 Ball Diamonds

RECOMMENDATION:

THAT Report RP-2019-0007, dated February 4, 2019, regarding the Tender Award of T-004-19 for Trafalgar Sports Park Expansion – Construction of 3 Ball Diamonds be received;

AND FURTHER THAT the Manager of Purchasing be authorized to issue a purchase order in the amount of \$2,589,656.53 plus applicable taxes to Gateman-Milloy Inc. of 270 Shoemaker Street, Kitchener Ontario N2E 3E1;

AND FURTHER THAT \$61,115 from Capital Projects 8500-19-0105 and \$89,652 from Capital Project 8500-19-1801 be returned to the New Capital Reserve;

AND FURTHER THAT \$150,767 be drawn from the Tax Rate Stabilization Reserve to fund the interim shortfall for Capital Project 8500-19-1801 – TSP Phase 6 Field of Dreams;

AND FURTHER THAT any proceeds from the sale of lands considered in Confidential Report RP-2018-0026 be directed to the Tax Rate Stabilization Reserve to recover this interim funding.

BACKGROUND:

Trafalgar Sports Park is a community park approximately 40 ha. in size located at the intersection of 17th Side Road and Trafalgar Road. The Trafalgar Sports Park master plan was approved by Council in 2000 and envisioned fourteen full sized soccer fields and four major ball diamonds and related parking and amenities. A total of eleven full sized soccer fields and one major lit ball diamond and related parking have been built over the last 18 years.

On April 30, 2018 Council approved Recommendation No. CCA-2018-0053 through Report RP-2018-0015 which outlined the joint collaborative project Trafalgar Sports Park Phase 6 'Field of Dreams' with Halton Hills Minor Baseball Association (HHMBA) and Georgetown Slo-pitch (GSL) to construct 3 premium lit diamonds at Trafalgar Sports Park as well as the funding strategy required to complete this work.

Following approval of the report, staff undertook the detailed design process for the project, including the preparation of construction drawings and tender documents.

COMMENTS:

Request for Tender T-004-19 was posted on bidsandtenders.ca and the Town's website in January 2019. Forty-six (46) companies downloaded the bid document. Submissions were received from eleven (11) companies on February 1, 2019. The bids were as follows (all prices listed are inclusive of all taxes)

<u>Contractor:</u>	<u>Bid Price:</u>
Gateman-Milloy Inc., Kitchener ON	\$2,926,311.88
TDI International Ag Inc., Mono ON	\$3,106,462.38
Latitude 67 Ltd., King City ON	\$3,127,075.45
Orin Contractors Corp., Concord ON	\$3,169,643.75
Cambium Site Contracting Inc., Erin ON	\$3,201,999.70
Loc Pave Construction Ltd., Stouffville ON	\$3,427,081.90
Lomco Ltd., Stouffville ON	\$3,553,867.18
Gerd Hermanns Inc., Schomberg ON	\$3,557,747.82
G. Gordon Enterprises, Georgetown ON	\$3,669,660.40
Pine Valley Corp., Concord ON	\$3,687,761.78
CSL Group Ltd., Ancaster ON	\$3,880,311.41

Staff recommend the award of the tender to Gateman-Milloy Inc. Gateman-Milloy has undertaken previous projects for the Town (Acton Sports Park) and are experienced contractors.

The total bid after the HST rebate is within the total project budget of \$2,800,000 and in accordance with staff's estimate of construction cost for the project.

RELATIONSHIP TO STRATEGIC PLAN:

- A.3.** To provide a broad range of educational, recreational and cultural services that meet the needs of our residents.
- H.1** To provide infrastructure and services that meets the needs of our community in an efficient, effective and environmentally sustainable manner.
- H.2** To ensure that infrastructure required for growth is provided in a timely manner.
- H.4** To partner with other orders of government, and the private sector, to plan and finance infrastructure expansion and improvements.

FINANCIAL IMPACT:

The funding strategy for this project was approved through Report RP-2018-0015. A total budget of \$2,800,000 was approved through Capital Project 8500-19-1801 – TSP Phase 6 Field of Dreams as follows:

- \$2,263,000 (Town funding)
- \$537,000 (Group fundraising).

At the current time, a total of \$2,602,345 is available for the project. This is due to a shortfall of approximately \$197,655 in total fundraising by the groups. To date the groups have raised \$339,345.00 in funds (GSL \$106,000.00, HHMBA \$76,595.00, other fundraising \$6,750.00, and a Trillium grant of \$150,000.00).

Though the groups have not reached their fundraising targets yet, they have already raised 12% of the total project budget which is consistent with the level of funding typically required for a joint project like this. Based on the tender results, there is a small shortfall in order to award tender T-004-19 after the HST rebate and consulting expenses to date have been accounted for. Additional funds are also required for contingency for the construction phase.

In December of 2018, Council approved Confidential Report RP-2018-0026 through Resolution 2018-0145 which outlined a funding strategy for any shortfall in funds for the Field of Dreams project through the potential disposition of surplus property. As the property disposition has not yet been finalized, staff recommend funding the shortfall noted above through existing funds from previous phases of Trafalgar Sports Park Capital Budget accounts (8500-19-0105 & 8500-19-1801) which total \$150,767.00. These funds were originally intended for the construction of entry features at Trafalgar Sports Park, but due to other workplan priorities, they have not been designed and constructed. Staff recommend that these existing funds be transferred to the New Capital Reserve and that the shortfall be funded from the Tax Rate Stabilization fund in the interim to cover the shortfall, including construction contingency. It is estimated that the \$150,767 will be sufficient funds to allow the award of contract, and cover the fundraising shortfall of \$197,655 due to the favorable tender results. At the time that the

disposition of lands contemplated in RP-2018-0026 is finalized, funds will be allocated to the Tax Rate Stabilization Reserve to recover the interim funding amount.

Both HHMBA and GSL have indicated a willingness to continue fundraising efforts, but staff recommend that any further funds be used towards the future phases of the project, or for other ball diamond capital improvements in coordination with the Town.

CONSULTATION:

Staff from the Purchasing Division administered the Tender process and are in agreement with the recommendation. Staff have also consulted with the Town Treasurer on the financial strategy outlined in this report. Town staff have worked and consulted with the HHMBA President and GSL Past and Current Presidents on the content of this report.

PUBLIC ENGAGEMENT:

Although no public engagement was required for this project, the master plan for Trafalgar Sports Park was approved through a full public consultation design process. The joint partnership project is supported by multiple community groups who have been consulted throughout the project.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life. The recommendation outlined in this report advances the Strategy's implementation.

This report supports the cultural vibrancy and social well-being pillar(s) of Sustainability and in summary the alignment of this report with the Community Sustainability Strategy is Good.

COMMUNICATIONS:

Staff will continue to work with HHMBA and GSL to advance the project. There will be a media release for the recognition of the Trillium grant funds for this project and the joint partnership project.

CONCLUSION:

Staff recommend that Tender T-004-19 for Trafalgar Sports Park Expansion – Construction of 3 Ball Diamonds be awarded to Gateman-Milloy Inc. and funded as outlined in this report.

Reviewed and Approved by,



Kevin Okimi, Manager of Parks and Open Space



Simone Gourlay, Manager of Purchasing



Warren Harris, Commissioner of Recreation and Parks



Brent Marshall, Chief Administrative Officer

REPORT

REPORT TO: Chair and Members of the Community and Corporate Affairs Committee

REPORT FROM: Stephen Hamilton, Manager of Facilities

DATE: January 23, 2019

REPORT NO.: RP-2019-0008

RE: Ice Resurfacer Purchase-Single Source Approval
R05 IC

RECOMMENDATION:

THAT Report No. RP-2019-0008 dated January 23, 2019 regarding the Ice Resurfacer Purchase – Single Source be received;

AND FURTHER THAT staff recommend the award of contract for one (1) 2019 Olympia Millennium H ice resurfacer machine from Resurface Corporation of 25 Oriole Parkway East, Elmira, ON in the total amount of \$73,500.00 plus HST;

AND FURTHER THAT the Purchasing Policy requirement for competitive ice resurfacer pricing be waived for this purchase per the rationale outlined in Report R-2019-0008;

AND FURTHER THAT the Manager of Purchasing be authorized to issue a purchase order for the supply and delivery of one 2019 Olympia Millennium H ice resurfacing machine from Resurface Corporation of 25 Oriole Parkway East, Elmira, ON in their total bid amount of \$73,500.00 plus HST;

BACKGROUND:

Staff are recommending the purchase of a Millennium H ice resurfacer from the Resurface Corporation as in previous report to Council R-2014-0009. Staff had recommended at that time that the purchase be single sourced. In March 2017, Council approved Resolution GC-2017-0016 that directed staff to secure Millennium H as the preferred ice resurfacer to effectively meet the high demands and requirements of ice resurfacing on the six (6) full size and one (1) leisure pad within the Town facilities.

COMMENTS:

The purpose of this report is to recommend the acquisition of a replacement Olympia Millennium H Ice Resurfacer machine. These machines are manufactured and supplied by Resurface Corporation from Elmira, Ontario.

Several years ago the Town standardized the ice resurfacing equipment to the Olympia model. Staff had reviewed the various makes and models available and had judged that the Olympia model manufactured by Resurface provided a higher standard of quality and dependability and thus formed the reasoning for the Town's original decision in selecting the Olympia product as the preferred equipment. The Staff continue to be satisfied with Olympia's service and products which have continued to provide reliable, affordable service and excellent ice production results.

The specific benefits for selecting the Olympia model for all of our ice resurfer requirements includes:

- It allows our Facility Operator personnel to be familiar with the operation of one type of machine. As the Facility Operators may be assigned to any of our ice facilities at any given time to fill schedule requirements, it is preferred for operations to have the same manufacturer's machine at all facilities , thus reducing the requirement of further training;
- Having the ice resurfer from one manufacturer allows the Town to stock parts for one type of machine as opposed to two. It also allows our staff to become more familiar and versed with the standardized equipment when trouble shooting and performing minor repairs;
- The chassis and frame on the Olympia machines are made from stainless steel;
- The width of the ice blades on the Olympia machines is 84 inches wide and wider than those available on other machines. If we were to have two different types of ice resurfacers, we would be required to replace a portion of our ice blade inventory at an additional cost. With our current inventory we can move blades from one arena to another when necessary which helps our operations to continue uninterrupted;
- The wider blade width allows the resurfacing to be done quicker and with greater operational efficiency;
- The Olympia machine has a larger water and snow tank. The enhanced size of these features affords an operator greater flexibility with regards to tasks and decisions regarding ice maintenance;
- Resurface will respond to a service call within 4 hours and will often make the decision to make repairs on site. This reduces potential down time of a unit. Other suppliers do not service the machines on site. All repairs are made in their shop resulting in greater potential for extended down time and the automatic incurring of additional transportation charges;

- Resurface accepts their used machines for trade in value. This is of value to the operation in future years when units of this ice resurfacer fleet are being replaced;
- The Staff feel that the Olympia machines are safer to operate as they offer good sight lines for the driver and can only be engaged to operate when the driver is safely seated. Other units do not have this feature to prevent drivers from standing during operation.

Staff had previously investigated the use of Resurface’s Millennium E (electric) model ice resurfacer in Town facilities. The machine had a capital acquisition cost that was double that of the Millennium H (natural gas) model, exhibited numerous mechanical deficiencies that impacted its ability to consistently and satisfactorily complete the required work, and had maintenance and replacement parts costs that were significantly higher than the Millennium H. Staff reviewed the current 2019 Millennium E and although the model has made some minor improvements with some mechanical elements, the capital cost remains two times that of the Millennium H model. The battery and auger specifications that had been previously judged as problematic deficiencies for facilities with high demands such as ours have remained unchanged, and for that reason staff continue to support the acquisition of the Millennium H model.

RELATIONSHIP TO STRATEGIC PLAN:

There is no relationship to the strategic plan.

FINANCIAL IMPACT:

The purchase of the ice resurfacer is within the budgeted amount of \$115,000.00 approved in the 2019 capital budget.

Resurface Corporation have also offered a 1% discount if paid in full within seven (7) days of delivery. The Town will exercise this option.

CONSULTATION:

Staff have obtained this purchase price offer from Resurface and are confident that the pricing for this unit is competitive with alternative products available. The Manager of Purchasing is in agreement with this purchase.

PUBLIC ENGAGEMENT:

Not applicable.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

COMMUNICATIONS:

There are no anticipated communications impacts.

CONCLUSION:

Staff are recommending the award of contract for a 2019 Olympia Millennium H ice resurfacer machine from Resurface Corporation in the total amount of \$73,500.00 plus HST. Delivery is expected to take ten to twelve (10-12) months from the date the purchase order is issued.

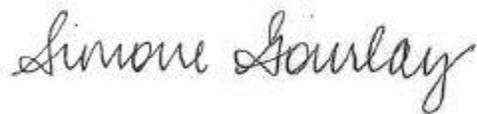
Reviewed and Approved by,



Stephen Hamilton, Manager of Facilities



Warren Harris, Commissioner of Recreation and Parks



Simone Gourlay, Manager of Purchasing



Brent Marshall, Chief Administrative Officer