



REPORT

TO: Mayor Bonnette and Members of Council

FROM: Joseph Vandermeer, CPA, CGA
Deputy Treasurer & Senior Manager of Accounting and
Taxation

DATE: February 9, 2022

REPORT NO.: CORPSERV-2022-0006

SUBJECT: Halton Court Services 2022 Budget and Business Plan

RECOMMENDATION:

THAT Report No. CORPSERV-2022-0006 dated February 9, 2022 regarding the Halton Court Services 2022 Business Plan and Budget be received;

AND FURTHER THAT the Halton Court Services 2022 Business Plan and Budget as attached in Appendix A to this report be approved.

KEY POINTS:

The following are key points for consideration with respect to this report:

- 2022 Revenue for the Town is projected to be \$146,840.
- The projected balance of the Halton Court Services Capital Reserve Fund at the end of 2021 is \$344,443 and the Municipal Partners are proposing the minimum contribution of \$50,000 be made during 2022.

BACKGROUND AND DISCUSSION:

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 Intermunicipal 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 CAO's of the participating municipalities, to oversee the management and operation of Halton Court Services. The agreement also outlines the funding formula, whereby net revenues are shared with the Municipal Partners and allocates 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 2007, the City of Burlington was named as the service provider on behalf of Halton Court Services as part of the implementation of a two-phase streamlining initiative program, now referred to as the Growth Management Plan. The role of Halton Court Services is to accept charges after they have been filed and ensure that the administration of justice is carried out on behalf of the Province. Detailed analysis and explanations related to enforcement agency programs, targets, and safety statistics are not provided to Halton Court Services. Instead, this information resides with each individual local enforcement agency, and is not collated or analyzed on a Regional basis.

In keeping with the Inter-municipal Agreement between the Town of Halton Hills, City of Burlington, Town of Milton, 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 and these documents are reviewed annually by the Area Treasurers and the Joint Management Board.

Overview of 2021's Financial Performance

The actual net results for 2021 are expected to fall short of the budget by \$1.76M. This shortfall reflects an approximate reduction in gross revenue of \$1.9 million which is partially offset by an approximate \$806K decrease in expenditures. The shortfall in gross revenues is primarily due to:

- A decrease in the number of charges (pandemic related);
- A backlog in matters being heard, compounded by a lack in judicial resources;
- The temporary suspension of all deadlines related to the payment of new fines and enforcement resuming in March 2021 but placed on hold again due to lack of judicial resources.

The Town's share of the revenue in 2021 is expected to be \$146,840 which is approximately a 31% decrease from the amounts received by the Town in 2020.

2022 Budget and Business Plan

The 2022 Business Plan was completed in October 2021 and was built on the actual results reported by Halton Court Services at the end of June 2021.

On November 12, 2021, the Joint Management Board for Halton Court Services received and approved the 2022 Business Plan and Budget for the Provincial Offences Court in Halton. The following three recommendations were adopted:

1. Recommendation: Approve the 2022 Halton Court Services budget as presented.
2. Recommendation: Contribute \$50,000 from net revenues to the Capital Reserve Fund during 2022 to ensure that requirements of the Capital Reserve Fund Policy are met.
3. Recommendation: Approve the draft Terms of Reference with respect to an external review of Halton Court Services including, but not limited to, development of operations and recommendations related to service delivery, long-term financial sustainability, and governance to a maximum of \$100,000 be provided from the Stabilization Reserve Fund.

Overall Revenues

Halton Court Services have prepared a 2022 budget with projected gross revenues that are based on the revenues budgeted in 2019, as this was considered a more typical revenue year when compared to 2020 and 2021. Gross Revenue for HCS in 2022 is budgeted at **\$10.0 million** as compared to the **\$11.1 million** originally budgeted for during 2021.

Although population continues to grow at a fair rate across Halton, the number of charges filed by local enforcement agencies has remained steady for the last several years. This is contrary to that experienced by other regions, where there was a strong correlation between population growth and increased local enforcement. An increase over the projected total for 2021 (50,892) of 60,000 charges is projected for 2022 with the expectation that enforcement practices will increase following the pandemic lows.

Overall Expenditures

Total expenditures in 2022 are budgeted at \$6.7 million compared to \$7.0 million originally budgeted for in 2021. This represents an overall decrease of 2.4% in expenditures.

See Appendix B for a copy of the overall 2022 HCS budget.

2022 Emerging Issues

1. On-going Pandemic Recovery

The pandemic continued to effect court operations across the province and the impact is anticipated to be ongoing throughout 2022 and with the possibility of extending into future years to accommodate the backlog of cases needing to be

scheduled into court. Further impacting the recovery process are the drastically reduced judicial resources in the Central West Region (CWR) which has an impact on operations with:

- Unprecedented court closures leaving limited days to schedule matters.
- Hold on convictions for Fail to Respond (FTR) dockets – since June 2021

More detailed information is available on page 10 of Appendix A – 2022 HCS Business Plan.

2. Bill 177 Implementation

The Ministry of the Attorney General (MAG) has advised that portions of Bill 177 will be proclaimed as November 1, 2021, if proclaimed as advised there will be impacts to several processes;

- Extension for Time to Pay Applications – HCS can approve but not deny applications for more time to pay removing this process from the justice of the peace, unless it is a denial.
- Fail to Respond Docket Review – HCS will review Certificates to ensure they are proper on their face and register convictions removing this process from the justice of the peace.
- Early Resolution Process Adjustments – Moving the majority of the process away from the justice of the peace, however, in the proposed current format it is cumbersome on administration and confusing to the defendants. The Municipal Partners are in consultation with MAG to seek amendments to the legislation that would eliminate the processes that have made the new legislation cumbersome and confusing and are offering suggestions and solutions to MAG before implementation.

More detailed information is available on page 11 of Appendix A – 2022 HCS Business Plan.

3. Transfer of Part III POA Prosecutions to Municipalities – Update

As reported previously, the Municipal Partners were advised by MAG in August 2017 that the Province intends to transfer the responsibility for prosecution of Part III POA matters to municipalities.

A Transitional Planning Working Group (TPWG) was formed in early 2020 to bring together municipalities across Ontario and MAG to ensure essential components are put in place for an effective transition from planning to implementation stage. Burlington and Oakville staff have attended meetings on behalf of the Municipal Partners. In March 2021 MAG advised that it will need additional internal approvals in order to achieve consistency among the current

MOUs, the proposed interim agreement and amending transfer agreement to facilitate certain requirements of the Criminal Law Division and the Provincial Offences Act. Since then, a further meeting of the TPWG has been scheduled for October 5, 2021 to discuss the download process going forward.

Given the delay in the download of Part III POA Prosecutions provincially, the additional one full-time Prosecutor and one part-time Case Administrator support were not added mid-2021 as was contemplated in the 2021 Business Plan and Budget. The required funding to fill these two positions remains in the 2022 Budget assuming a transfer date of no earlier than July 1, 2022. The proposed transfer date is contingent on successful discussions with MAG and a report back to the Joint Management Board.

HCS staff will report back to the Joint Management Board in 2022 as to the status of the following:

- amending the Memorandum of Understanding and Local Side Agreement to reflect the transfer of Part III POA prosecutions from MAG to the municipal partnership with a transfer date no earlier than July 1, 2022,
- the staffing implications required to manage the download of responsibility from the province for the prosecution of Part III offences, and
- the financial implications of the transfer of the prosecution of Part III offences including mitigation opportunities.

4. Automated Speed Enforcement

As previously reported, the Safer School Zones Act, 2017 created a framework allowing municipalities to use Automated Speed Enforcement (ASE) camera technology to enforce speeding offences in school zones and community safety zones on roads with speed limits under 80 km/h. Under Getting Ontario Moving Act, 2019, the government has also created the legislative framework to establish Administrative Monetary Penalties (AMPs) for vehicle-based offences (such as ASE and red-light camera offences). The framework does not yet contain the required amendments to allow municipalities to implement AMPs for ASE.

Evaluation of data from various municipalities, including Oakville and Burlington, has identified that ASE would not be a revenue generating program, especially if operated through the Provincial Offences Court system. The number of charges from a single camera location has been assessed to be significant, resulting in anticipated adverse immediate impacts on staffing, judicial resources and capacity of the POA court schedule, which has already been impacted by the court closures and backlogs relating to COVID-19. It is for that reason that Ontario Traffic Council's Automated Speed Enforcement Steering Committee, comprised of various municipalities and government organizations across Ontario, has been working closely with the Ministry of Transportation to

implement legislative and regulatory amendments to allow municipalities to administer the ASE program through AMPs.

More detailed information is available on page 12 of Appendix A – 2022 HCS Business Plan.

5. 2022 COVID-19 Impacts

Additional contract service costs for per diem prosecutor services due to the pandemic is budgeted in the amount \$12,600.00 in anticipation of more staff absences due to compliance with public health directions and the need to self-isolate for 14 days from symptom onset, close contact or travel. This model is built on the assumption that of the 14-day self-isolation period, staff would be able to work seven of the fourteen days remotely from home.

STRATEGIC PLAN ALIGNMENT:

This report is administrative in nature and does not have an impact on the Town's Strategic Plan.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Internal Consultation was not needed as this report is administrative in nature.

FINANCIAL IMPLICATIONS:

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 2022 POA Budget estimates revenue of approximately \$146,840 for the Town based on the 2021 weighted average assessment.

Reviewed and approved by,

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer