



## **REPORT**

**REPORT TO:** Mayor Bonnette and Members of Council

**REPORT FROM:** Moya Leighton CPA, CGA, MBA  
Treasurer & Director of Accounting

**DATE:** January 26, 2021

**REPORT NO.:** CORPSERV-2021-0001

**RE:** Halton Court Services 2021 Budget and Business Plan

### **RECOMMENDATION:**

THAT Report No. CORPSERV-2021-0001 dated January 26, 2021 regarding Halton Court Services 2021 Business Plan and Budget be received;

AND FURTHER THAT the Halton Court Services 2021 Business Plan and Budget as attached in Appendix 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 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 CAOs 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 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 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 to 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, the Town of Oakville and 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.

## **COMMENTS:**

### Overview of 2020's Financial Performance

The 2021 Business Plan was completed in September 2020 and was built on the performance of Halton Court Services up to the end of June 2020.

The actual results for 2020 are expected to fall short of the budget by \$2.0M. This shortfall is attributable to an estimated 17% decrease in the number of charges due to the COVID-19 pandemic. In addition to the suspension of all court hearings at the start of the pandemic (March 15, 2020), there was an agreement to cease all collection activities and only accept voluntary payments from customers, placing the pursuit of all outstanding fines on hold.

The Town's share of the revenue in 2020 will remain at the budgeted amount of \$214,159 even though net revenues have declined. The Area Treasurers' directed that funds be withdrawn from the Municipal Partner Revenue Stabilization Fund to offset the impact of unpredictability in fine revenues.

### 2021 Budget and Business Plan

On November 13, 2020 the Joint Management Board for Halton Court Services received and approved the 2021 Business Plan and Budget for the Provincial Offences Courts in Halton. The following nine recommendations were adopted:

1. Recommendation: Approve the 2021 Halton Court Services budget as presented.
2. Recommendation: Approve a cost-recovery collections fee of \$30.00 to be added to all defaulted fines effective January 1, 2021, and the collections fee to be reviewed every three years thereafter.
3. Recommendation: Contribute \$50,000 from net revenues to the Capital Reserve Fund during 2021 to ensure that requirements of the Capital Reserve Fund Policy are met.

4. Recommendation: Approve \$40,000 for additional A/V equipment to deliver virtual court and remote interpretation solutions as per provincial recommendations due to the pandemic. Costs are to be funded through the Capital Reserve Fund.

5. Recommendation: Amend the Memorandum of Understanding and Local Side Agreement to reflect the transfer of Part III POA prosecutions from the Ministry of Attorney General to the municipal partnership.

6. Recommendation: Approve the hiring of one Prosecutor to manage the download of responsibility from the province for the prosecution of Part Three offences.

7. Recommendation: Approve the conversion of one part-time Case Administrator to one full-time position to manage the download of responsibility from the Province for the case administration of Part Three offences.

THAT recommendations 5,6 and 7 be subject to the terms of the transfer of Part III Prosecution being determined/clarified by the Province and its Municipal Partners and HCS staff reporting back to the Joint Management Board on the following:

- i. Amending the Memorandum of Understanding and Local Side Agreement to reflect the transfer of Part III POA prosecutions from the Ministry of Attorney General to the municipal partnership.
- ii. The staffing implications required to manage the download of responsibility from the province for the prosecution of Part III offences.
- iii. The financial implications of the transfer of the prosecution of Part III offences including mitigation opportunities.

8. Recommendation: The HCS staff report back to the Joint Management Board following Q1 2021 on the status of the budget, and the Area Treasurers be directed to review the current cap that is in place for annual revenue distribution (\$4.665M) resulting in a continued annual draw on the Stabilization Reserve Fund and report back to the JMB in advance of the preparation of the proposed 2022 HCS budget.

9. Recommendation: The JMB supports an independent external review of Halton Court Services including, but not limited to:

- i. Development of operations and recommendations related to service delivery, long-term financial sustainability and governance.
- ii. Funding for the review to a maximum of \$100,000 be provided from the Stabilization Reserve Fund.
- iii. A draft Terms of Reference for the review be prepared for consideration and approval by the JMB inclusive of project management structure and timing.

The gross revenues for 2021 are expected to increase by 2.0% over the 2020 budgeted revenues attributable to a slight increase in the projected number of charges and the implementation of the \$30.00 collections fee for defaulted fines. It is estimated that Halton Hills will receive \$214,159 in a share of revenues, based on the 2020 weighted average assessment.

The 2021 expenditures are estimated to increase by 13.6% driven in the main by the following:

- i. Additional COVID-19 related labour costs will be incurred to address the increased hearing times stemming from the directives to reduce court room capacities; manage screening and crowd control; enhance cleaning and cover staff absences.
- ii. The downloading of Part III prosecution from the Province, will result in the need to hire a Prosecutor to prosecute Part III offences and convert a part time Case Administrator to full time. The budget assumes a transfer date of July 1, 2021.
- iii. Increased rent costs of \$11.5K per month to cover the landlord's property operations and property taxes.

### 2021 Emerging Issues

The HCS Business Plan outlines five emerging issues which are outlined in detail within section 5 of Appendix A.

- i. Court operations continue to be impacted by rising costs, significant provincial cost recoveries and regulated fines and fees that have not increased since 1994. A working group consisting of all POA managers has been established and continues to propose solutions to the Ministry of Attorney General.
- ii. Transfer of Part III POA prosecutions to municipalities, resulting in the need to hire a full time Prosecutor and convert a part time case administrator to full time.
- iii. Bill 177 which is part of the Modernization of POA Courts initiative will be in effect during 2021. The regulations for this bill are anticipated to be available in Spring 2021, and HCS will provide an update on the implications when they are fully known.
- iv. Bill 197 - The COVID-19 Economic Recovery Act, 2020 has enabled HCS to make greater use of technology and to deliver justice services remotely.

Equipment upgrades and software installations will be required to implement enhanced electronic proceedings and processes.

- v. Municipalities through the Safer School Zones Act, 2017 can implement Automated Speed Enforcement programs. Data evaluation is currently underway to determine the optimal system to administer the program.

Both the Acting CAO and the Town Treasurer recommend that Council approve the 2021

Halton Court Services Business Plan and Budget.

#### **RELATIONSHIP TO STRATEGIC PLAN:**

Fiscal and Corporate Management - The municipality maintains services and service levels that support the quality of life of its residents and a hospitable environment for businesses.

#### **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 2021 POA Budget estimates revenue of approximately \$214,159, for Halton Hills based on the 2020 weighted average assessment.

#### **CONSULTATION:**

The Business Plan and Budget (Appendix A) were reviewed by the Area Treasurers on October 8, 2020 and the CAOs which form the Joint Management Board on November 13, 2020.

#### **PUBLIC ENGAGEMENT:**

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

#### **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:**

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

**CONCLUSION:**

The 2021 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 2021 Halton Court Services Business Plan and Budget (Appendix A)

Reviewed and Approved by,

A handwritten signature in cursive script that reads "Laura Lancaster".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in cursive script that reads "C. Mills".

Chris Mills, Acting Chief Administrative Officer