

**ONTARIO COURT OF JUSTICE
PROVINCIAL OFFENCES OFFICE
HALTON COURT SERVICES**

**2022 BUSINESS PLAN AND
BUDGET**

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

October 2021

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RECOMMENDATIONS

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.

OVERVIEW OF 2021 PERFORMANCE

1. BUDGET PERFORMANCE

Revenues to End of June

The Municipal Partners had budgeted gross revenues of \$11.1 million for 2021. This was based on the assumption that the pandemic would have ended by 2020 and operations would return to normal. The chart below summarizes results by end of June and projections for the remainder of the year.

There is an expected shortfall of approximately \$1.76 million in net revenue in 2021. This shortfall reflects an approximate reduction in gross revenue of \$1.9 million which is offset by an approximate \$806k decrease in expenditures. The shortfall in gross revenues is primarily due to:

- A decrease in 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 on hold again due to lack of judicial resources.

COMPARISON OF 2022 BUDGET TO 2021 BUDGET

	REVENUE			EXPENSES		
	2021 Budget	2022 Budget	% Difference	2021 Budget	2022 Budget	% Difference
Administration	(\$8,421,530)	(\$7,301,349)	-13.3%	\$5,631,400	\$5,290,100	-6.1%
Collections	(\$2,696,100)	(\$2,700,750)	0.2%	\$429,150	\$441,100	2.8%
Prosecution	0	0	0.0%	\$1,000,200	\$1,025,250	2.5%
TOTAL	(\$11,117,630)	(\$10,002,099)	-10.0%	\$7,060,740	\$6,756,450	-4.3%

COMPARISON OF OVERALL PERFORMANCE TO BUDGET
for the year ending December 31, 2021

	2021 Budget	Actual June 30/21	Actual % of Budget	Projection Dec 31/21	Projection % of Budget
Gross Revenue	(\$11,117,630)	(\$4,076,649)	36.7%	(\$9,196,334)	82.7%
Operations	\$7,060,750	\$2,879,441	40.8%	\$6,248,421	88.5%
Net Revenue	(\$4,056,880)	(\$1,197,208)	29.5%	(\$2,947,913)	72.7%

2. OPERATIONAL PERFORMANCE

Provincial Offences Charges

By end of June, there were 25,466 (36.4%) charges filed of the projected 70,000 total for 2021. Filed charges fell short of projections due to the continued imposed provincial lockdowns throughout the first half of the year and decreased further over the summer months. Therefore it is projected that charges will reach 50,892 (73% of projected total) by year end.

The following chart illustrates the trend in number of filed charges since 2016:

Charges Filed by Major Enforcement Agencies							
	2016	2017	2018	2019	2020	2021 Projected	% Difference '16 to '21)
BY-LAWS	232	215	228	231	271	466	100.9%
HRPS	49,940	43,759	42,850	46,104	43,870	35,008	-29.9%
MTO	4,378	2,466	2,783	2,484	1,070	982	-77.6%
OPP	7,960	5,496	5,011	7,709	5,824	5,698	-28.4%
RED LIGHT CAMERA	8,322	11,205	15,415	12,509	9,590	8,484	1.9%
MINISTRIES/HALTON REG	485	435	394	613	459	254	-47.6%
TOTAL CHARGES	71,317	63,577	66,681	69,650	61,084	50,892	-28.6%

3. AUDITS

External Audit

KPMG performed an audit of HCS for the period ended December 31, 2020. 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.

4. REVENUE STABILIZATION FUND

Following the request of the Area Treasurers, a Municipal Partner Revenue Stabilization Fund (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 impacts related to the new court facility. Per policy, an annual review of the MPRSF is carried out by the Area Treasurers.

Flat-Lining Net Revenue Distribution

Net revenue surplus was transferred to the MPRSF between 2013 and 2017. Interest is allocated to the MPRSF on an annual basis.

The Area Treasurers directed that contributions to the MPRSF end as of 2018 given the healthy balance of the MPRSF and long-term projections of little impact on net revenue. Due to the pandemic in 2020, the budgeted net revenue was not reached by operations alone and a drawing from the reserve fund was necessary in order to eliminate any variance in the budgeted distribution. At the end of 2019, the balance in the Stabilization Reserve Fund was just under \$4.89 million. In order to meet the \$4.65 million distribution, a total of \$4,099,660 was drawn from the fund in 2020. As a result, the balance in the Stabilization Reserve Fund is now \$847,150 at the beginning of 2021. Due to the status of the current health situation, it is expected that 2021 budgeted net revenue will not be realized, and the Municipal Partners are recommending to only distribute net revenue earned from operations in 2021 (currently projected at \$2.89 million).

Stabilization Fund				
Year	Net Revenue Over Budget	Use of Funds	Interest (net of Admin Fee)	Balance
2020	\$0	(\$4,099,660)	\$52,957	\$847,151
2021*	\$0	\$0	\$17,000	\$864,151
2022*	\$0	(\$240,397)	\$15,662	\$639,416
2023*	\$0	\$0	\$10,943	\$650,359
2024*	\$0	\$0	\$11,173	\$661,531
2025*	\$0	\$0	\$11,407	\$672,939

5. REVENUE SHARING

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

Following is a five-year overview of net revenue distribution since 2017 including the estimated annual distribution for 2021:

Historical Annual Revenue Sharing % Based on Tax Assessment					
	2017	2018	2019	2020	2021*
Burlington	16.00%	15.85%	15.70%	15.60%	15.44%
Halton Hills	4.65%	4.55%	4.60%	4.60%	4.60%
Milton	8.20%	8.30%	8.35%	8.40%	8.55%
Oakville	21.15%	21.30%	21.35%	21.40%	21.43%
Region of Halton	50.00%	50.00%	50.00%	50.00%	50.00%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Historical Annual Revenue Distribution to Partnership					
	2017	2018	2019	2020	2021*
Burlington	618,997	963,448	730,935	726,280	447,293
Halton Hills	179,896	276,573	214,159	214,159	133,159
Milton	317,236	504,518	388,746	391,074	247,627
Oakville	818,237	1,294,728	993,979	996,307	621,023
Region of Halton	1,934,367	3,039,267	2,327,820	2,327,820	1,448,957
TOTAL	\$3,868,733	\$6,078,534	\$4,655,640	\$4,655,640	\$2,897,913

*2021 budget to be realized.

Overall Revenues

The Municipal Partners are projecting gross revenues based on the budgeted revenue for 2019, rather than actual revenue, given that 2020 and 2021 were anomalies.

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 the experience of 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 from pandemic lows. Gross revenue for HCS in 2022 is budgeted at **\$10.0 million** as compared to the **\$11.1 million** originally budgeted for during 2021.

Total expenditures in 2022 are budgeted at **\$6.7 million** compared to the **\$7 million** originally budgeted for 2021. This represents an overall decrease of 2.4% in expenditures.

See Appendix A for a copy of the overall 2022 POA Budget.

Recommendation #1: Approve the 2022 Halton Court Services budget as presented.

6. WRITING-OFF OF UNCOLLECTABLE 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 2021 where it has been determined there are no viable means of collection. **Write-offs scheduled during 2022 will total approximately 920 cases with a total value of approximately \$317,765.**

7. CAPITAL RESERVE FUND

Expenditures During 2021

The Remote Interpretation initiative was completed in 2021 and upgrades to equipment in courtrooms to accommodate Zoom proceedings was completed at a cost of \$33,064.

Contribution During 2022

The Municipal Partners regularly conduct an annual review of the Capital Reserve Fund 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 Capital Reserve Fund during 2021.

Reserve Fund Forecast

Following is the Capital Budget Forecast over the next five years:

Capital Budget Forecast				
Year	Requirements	Use of Funds	Annual Contributions Including Interest	Projected Year-End Balances
	Balance Forward			\$321,085
2021	Virtual Courts Equipment	(\$33,064)	\$56,422	\$344,443
2022	None		\$56,889	\$401,331
2023	TBD		\$58,027	\$459,358
2024	Computer Hard/Soft Replacements	(\$80,000)	\$59,187	\$438,545
2025	TBD		\$58,771	\$497,316
2026	TBD		\$59,946	\$557,262

Recommendation #2: *A contribution of \$50,000 from net revenues is made to the Capital Reserve Fund during 2022 to ensure that requirements of the Reserve Fund Policy are met.*

8. EXTERNAL REVIEW

The Joint Management Board supported an external review of Halton Court Services with respect 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. A draft Terms of Reference for the review be prepared for consideration and approval by the JMB inclusive of project management structure and timing.

Recommendation #3: *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.*

9. EMERGING ISSUES

1. Ongoing 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

Currently due to the justice of the peace shortage HCS is permitted to schedule courts with half of the normal judicial compliment with a further cutback in August 2021 when additional dates from September to December were closed so that judicial resources could be shared within the CWR. HCS has a backlog of over 20,000 charges that need to be scheduled for court dates as a result of the pandemic delays and lack of judicial resources.

The FTR convictions that were put on hold at the onset of the pandemic were able to resume in March of 2021 and therefore a revenue stream was generated when fines once again became due and payable, however due to the justice of the peace shortage these matters have not been reviewed since June 11, 2021 leaving over 2000 matters waiting to be reviewed for conviction. Without convictions the revenue stream is impacted as notices of due date are not generated which prompt payment or move to enforcement if not paid.

Given the ongoing impacts of the pandemic it is anticipated that the recovery process could affect operations for a minimum period of 5 years. Therefore the 10 year Revenue and Cost Projection (RCP) that was based on pre-pandemic operations was reevaluated as it is no longer a realistic outlook post-pandemic. The 5 year projection provides projections based upon 2021 numbers with an anticipation that 2022 will be the starting point of a post-pandemic turnaround and a 2% increase in charge volumes thereafter. In the pre-pandemic plan there was an anticipation to have an increase in Administration staff in 2022 and Court Support staff in 2029 based on charges filed, however in the 5 year RCP the anticipated charges filed are not projected to meet the required threshold to increase staff. Although we can only project potential charge volumes it is anticipated that culture changes brought on by the pandemic may continue to have an effect on charge volumes province wide which is reflected in the 5 year RCP.

See Appendix C for a copy of the HCS Revenue and Cost Projection.

2. Bill 177 Implementation

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

- 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

At this time, it is uncertain if the adjustments to the Early Resolution process will go forward or if MAG will revisit the legislation to allow for the efficiencies that the Municipal Partners recommend. It is further unknown if the new legislation under Bill 177 will be for matters going forward from the date of proclamation or if the legislation will allow for the pandemic backlog matters to also be managed through the new legislation processes.

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:

- (i) 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,
- (ii) the staffing implications required to manage the download of responsibility from the province for the prosecution of Part III offences, and

- (iii) the financial implications of the transfer of the prosecution of Part III offences including mitigation opportunities.

4. Automated Speed Enforcement - Update

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.

On August 12, 2021, the Honourable Caroline Mulroney, Minister of Transportation, responded to the Committee confirming the province recognizes that the creation of an AMPs framework for vehicle-based offences holds significant benefits for municipalities, and affirmed that the ministry is committed to working with the road safety partners and municipalities to continue to develop a policy framework for municipally operated red light, automated speed enforcement, school bus and streetcar camera AMP programs. In that correspondence the Minister further confirmed that regulatory changes will be developed to support the implementation of AMPs for these vehicle-based offences in the near future. Based on the Committee discussions with the province, while the timing for these required legislative amendments has not been finalized, the target date of mid-2022 has been discussed.

As the ASE has been identified as a net cost program, its implementation will raise financial risks of levy impact to participating Municipal Partners, risk of impact on POA net fine revenues, and other practical concerns which have been intensified by challenges created by COVID-19. If implemented by any of the partnering municipalities in advance of the establishment of AMPs, the number of offences generated by ASE could overwhelm the court system leading to significant negative impacts. The Municipal Partners recommend a period to allow for an assessment of the impact of COVID-19 on court operations and resources before implementation of the ASE program. The Municipal Partners will report back as new information becomes available.

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.

APPENDIX A – 2022 OVERALL BUDGET
APPENDIX B – TERMS OF REFERENCE – HALTON COURT SERVICES REVIEW
APPENDIX C – HCS REVENUE AND COSTS PROJECTIONS

HALTON COURT SERVICES

2022 OVERALL POA BUDGET

11-Nov-21

OVERALL 2021 BUDGET	Projection to Dec 31/21	Expenditures	Cost Element	ADMINISTRATION Admin/Court Support 461110	Collections 461113	PROSECUTION 461140	TOTAL	2022 vs 2021
2,320,463	2,255,453	F/T Salaries	11111	1,364,535	271,444	763,160	2,399,139	3% avg inc.
-	71,028	Part-time/Temp	11122	140,397	-	-	140,397	
-	1,468	Overtime	11131	-	-	-	-	
-	6,785	Vacation Pay - PT	11248	-	-	-	-	
434,158	399,262	Fringe benefits - FT/PT	11300	251,823	50,350	129,473	431,646	
228,807	215,064	Additional Benefits - FT/PT	11302	140,269	25,644	55,635	221,548	
33,242	21,152	Professional development	11410	10,550	2,000	20,363	32,913	
2,493	1,591	Employee memberships	11412	1,800	300	693	2,793	
3,019,150	2,971,803	Total Human Resources		1,909,350	349,750	969,300	3,228,450	6.9%
4,200	3,441	Books and subscriptions	22220	1,100	200	2,378	3,678	
1,000	889	Meeting expenses	22223	1,000	-	-	1,000	
507,160	91,114	COVID-related expenses	22226	18,003	1,000	12,600	31,603	
44,055	43,254	Printing and reproduction	22233	43,000	880	175	44,055	
18,180	15,213	General office supplies	22242	11,000	1,340	3,740	16,080	
50,110	49,070	Hydro/Water/Heat	22511	51,400	-	-	51,400	
40,675	31	Furniture and office equipment	37102	5,000	-	-	5,000	
43,736	46,622	Comp Software/Hardware/Maintenance	37105	34,288	3,460	15,002	52,750	
1,536,440	1,551,605	Building facility lease	33115	1,564,209	-	-	1,564,209	
16,834	24,550	IT lines	33150	21,260	2,232	2,232	25,724	
12,323	12,725	Equipment rental	33172	8,100	972	3,198	12,270	
2,000	1,000	Bldg repair and maintenance	33210	2,000	-	-	2,000	
4,990	14,235	Equipment maintenance	33240	10,620	-	-	10,620	
43,300	33,492	Courier/Postage services	33250	32,320	11,000	800	44,120	
24,710	16,734	Telephones/Cell Phones	33253	7,200	6,872	7,298	21,370	
-	-	Corporate Communications	33255	-	-	-	-	
2,290	622	Travel Exp/Mileage	33320	900	100	1,290	2,290	
7,200	10,000	External audit	33359	11,000	-	-	11,000	
3,600	5,169	Security/Armoured car services	33366	6,000	-	-	6,000	
112,000	95,087	Interpreters	33367	112,000	-	-	112,000	
337,540	337,544	Cost recoveries	45701	356,940	-	-	356,940	
907,300	590,087	Provincial Recoveries	33369	901,000	-	-	901,000	
144,956	177,907	Contract/External services	33450	88,080	60,000	7,216	155,296	
85,730	54,846	Janitorial Services	33467	85,730	-	-	85,730	
3,300	3,300	Court Related Fees	33510	-	3,300	-	3,300	
8,000	4,000	Witness fees	33516	9,000	-	-	9,000	
120,000	127,081	Point of sale-service charges	36194	140,000	-	-	140,000	
(40,000)	(33,000)	Reserve Fund offset for expenses	96306	(140,397)	0	0	(140,397)	
4,041,650	3,276,618	Total Other Expenditures		3,380,750	91,350	55,950	3,528,050	-12.7%
7,060,750	6,248,421	TOTAL EXPENDITURES		5,290,100	441,100	1,025,250	6,756,450	-4.3%
(20,000)	(20,397)	Parking Fees	90852	(15,000)	-	-	(15,000)	
(8,423,430)	(6,489,246)	Fines (Gen)	91122	(7,300,000)	-	-	(7,300,000)	Based on 2020 budget
(2,695,350)	(2,695,350)	Fines (Collections)	91122	-	(2,700,000)	-	(2,700,000)	
241,070	202,977	Bylaws Distributed	91124	227,496	0	-	227,496	5-yr rolling ave
(750)	0	External recoveries	91410	-	(750)	-	(750)	
(21,870)	(6,210)	Miscellaneous Revenue	91154	(21,932)	0	0	(21,932)	GO Transit/HR Rental
(14,530)	(5,341)	Transcripts	91207	(12,746)	-	-	(12,746)	5-yr rolling ave
(182,770)	(182,767)	Federal subsidy	92705	(179,167)	0	-	(179,167)	
(11,117,630)	(9,196,334)	TOTAL REVENUE		(7,301,349)	(2,700,750)	0	(10,002,099)	-10.0%
(4,056,880)	(2,947,913)	Net Operating Budget before Reserve Fund		(2,011,249)	(2,259,650)	1,025,250	(3,245,649)	-20.0%
50,000	50,000	Contribution to Reserve Fund	45100	50,000	-	-	50,000	
(648,760)	-	Contribution to Stabilization Fund	45100	0	-	-	0	
(4,655,640)	(2,897,913)	NET OPERATING BUDGET		(1,961,249)	(2,259,650)	1,025,250	(3,195,649)	-31.4%
2022 Requisitions (Partnership Sharing based on 2021 weighted average assessment)		Region					(1,597,824)	
		Burlington					(493,248)	
		Halton Hills					(146,840)	
		Milton					(273,068)	
		Oakville					(684,828)	
		Total					(3,195,809)	

TERMS OF REFERENCE
HALTON COURT SERVICES – SERVICE REVIEW 2022

PROJECT DESCRIPTION

The intent of this project is to conduct an comprehensive service review, inclusive of a best practice review and efficiency assessment, for the operations of Halton Court Services (HCS) on behalf of the Joint Management Board representing the service partners, The Regional Municipality of Halton, The Corporation of The Town of Oakville, The Corporation of The Town of Milton, The Corporation of The Town of Halton Hills and The Corporation of The City of Burlington (service provider).

BACKGROUND

The delivery of provincial offences court services was downloaded from the Province to municipalities in 2001. A shared service delivery model was initially implemented on behalf of the 5 municipalities in the Halton provincial offences court catchment area. As the province required an “as is” transfer arrangement, court services were provided from 3 separate court locations in Burlington, Milton and Oakville. The service was governed by a Joint Management Board comprised of the CAOs of the 4 service partners and one stakeholder – the City of Burlington, the Town of Oakville, the Town of Halton Hills, the Town of Milton and the Region of Halton, respectively. Assisting in the financial oversight of the service is undertaken by the Area Treasurers comprised of the Directors of Finance from the same municipalities. A local side agreement was executed by all 5 municipalities documenting the shared service delivery model and the governance structure.

Since the download of service in Halton on February 19, 2001, the service delivery model has evolved with Burlington as the sole service provider on behalf of the partnership. In February 2019, the service delivery was consolidated, and is now provided by Burlington out of one central location at 4085 Palladium Way in Burlington.

During the finalization/approval of the 2021 Budget and Business Plan, and in part driven by the impacts that Covid-19 has had on court operations and resulting court fine revenues, the Joint Management Board provided the following direction at its meeting held on November 13, 2020 which was approved and supported by the participating municipal councils as part of the approval of the 2021 HCS Business Plan:

Review of Operation and Finances

Given that the Municipal Partnership has been responsible for the delivery of Halton POA court services for 20 years, the JMB supports the recommendation of the ATs to undertake a review of HCS through an external party. The review will include, but is not limited to:

- (i) *development of operations and recommendations related to service delivery, long-term financial sustainability and governance, and*

- (ii) *funding for the review to a maximum of \$100,000 be provided from the Stabilization Reserve Fund, and*
- (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.*

In further consultation with the City Manager for the City of Burlington, it was confirmed that the Terms of Reference for the review be drafted and included as part of the 2022 HCS Business Plan and Budget process. The review would be undertaken by end of Q2 2022 in time for preparation of the 2023 Business Plan and Budget.

KEY STAKEHOLDERS

- Members of the Joint Management Board representing the Region of Halton, the City of Burlington, the Town of Oakville, the Town of Milton and the Town of Halton Hills
- The Area Treasurers Group of the 5 municipalities
- Senior Regional Justice of the Peace and Local Administrative Justice of the Peace
- Manager of Court Administration
- Prosecutors staff (HCS, municipal prosecutors, provincial prosecutors)
- Halton Regional Police Service (Court Service Bureau)
- Ontario Provincial Police (Court Service Bureau)

GOALS & OBJECTIVES

The goal of this third-party review is to provide a comprehensive service review of the operational and financial performance of the court service from 2009–2019, and where possible provide recommendations for cost effective, alternative service delivery improvements that:

- Meets provincial standards in terms of providing service to the public, judiciary, and other stakeholders of the court services as required by the Province (Ministry of the Attorney General), the Memorandum of Understanding between the Partners and the Province, the provision of French language services;
- Maintains the integrity of the provincial offences judicial system;
- Maximizes the use of shared resources (human and technology) through consolidation/integration, where possible;
- Aligns with industry standards and benchmarks; and,
- Offers suggestions for future growth and service efficiencies, innovation and modernization.

Performance for 2020 and 2021 have specifically been excluded due to the impacts that COVID-19 has had on operations (e.g. court closures, suspension of enforcement activity).

These objectives align with Focus Area #5 of the City of Burlington 2018-2022 Strategic Plan 'From Vision to Focus' - Delivering Customer Centric Services with a Focus on Efficiency and Technology Transformation including:

- Service Excellence - ensuring efficient, effective and economical service delivery
- Customer First Approach – Enhancing and emphasizing a customer first approach in all city service areas
- Digital Transformation – Invest in customer centric digital technologies.

PROJECT TASKS & DELIVERABLES (PARTS A to D):

A. Consultation and Verification of Identified Issues – consult with relevant departments and stakeholders to confirm issues already identified and/or identify issues that have not been noted. This includes business process mapping/review and development (where required), documentation of current technology and opportunities to digital transformation.

Deliverables:

1. Meetings with Key Stakeholders (maximum 15 hours, potentially spread over multiple days)
2. Provide a summary of issues as determined through consultation and data provided
3. Develop Business Process Mapping, including customer service, for current and preferred state based on stakeholder consultation
4. Analyze 10-year financial performance and recommend potential actions to provide opportunities for greater efficiency.

Data/work to be provided by City of Burlington – Annual business plans and budgets for the 10 years under review, annual filings to the Ministry of the Attorney General, provincial offences court statistics provided by the province.

B. Best Practice Review of leading and similar sized provincial offences court operations in Ontario – includes staffing levels/job duty alignment, court operation performance, backlogs and time to trial, availability of judicial resourcing.

Deliverables:

1. Comparison and summary of staffing resources by court location and workload comparatives including, hours of operation, staffing levels/job duty alignment, court performance (time to trial, etc.), technological advancements by stakeholder enforcement agencies, including enforcement trends by population of at **least 5** other

provincial court operations in Ontario (including Durham, Hamilton, Mississauga, Niagara and York).

2. Financial Benchmarking based on past performance.
3. Scan of other court jurisdictions on the purpose, practices and policies regarding the use of a revenue stabilization reserve fund.
4. Summary of 'best practices' to include: Description and definition of efficiencies gained with estimates of time and cost savings, outline of business process and related procedures and technology improvements.
5. Recommendations for service delivery improvement/opportunities for future development.

Data/work to be provided by City of Burlington – provincial offences court statistics provided by the province.

- C. Efficiency Assessment and Development of Service Model Recommendations for Improvement** - focus on streamlining operations, improving overall customer experience, and opportunities for maximization of revenue generation and operational efficiency improvements (e.g.: opportunities for use of facility space). Should include approximate cost of final recommended solution and implementation plan.

Deliverables:

1. Recommended service improvements and rationale including staffing, technology and equipment requirements and costs.
2. Develop a implementation plan (phased if required based on final cost) inclusive of key activities, key performance measures, timelines and budget estimates (revenues and costs). Implementation Plan to encompass short (1-2 year) and long term (3-5 years) recommended actions.
3. Other recommended improvements (e.g. policy requirements).
4. Consideration of provincial initiatives currently in progress that could impact future court operations. Addressing specifically the introduction of Automated Speed Enforcement initiatives, Provincial download of Part III offence prosecutions.
5. Anticipated COVID related long term implications (ex. Virtual court operations, remote work opportunities, number of charges filed) on court operations and revenue impacts.

Data/work to be provided by City of Burlington – information on legislation currently under consideration by the Province.

- D. Draft and Final Report and Presentation to the Joint Management Board and the Area Treasurers Group**

Deliverables:

1. Final report to be included as appendix to covering staff report.
2. Presentation discussing findings, implementation plan considerations and recommendations and answering of any questions regarding same.

PROJECT TIMING & PAYMENT SCHEDULE

- Project Must Commence by **TBD**.
 - Final Report & Recommendations due to Staff by **TBD**.
 - Final Report & Presentation to Joint Management Board and Area Treasurers **TBD**.
 - **Project must be completed by end of TBD in time for recommendations to be considered as part of the TBD Business Plan and Budget.**
-
- Progress Payment 1 - 15% of total upon signing of contract and finalization of agreed project schedule
 - Progress Payment 2 – additional 25% after completion of Section A to the satisfaction of the City of Burlington
 - Progress Payment 3 – additional 25% after completion of Section B to the satisfaction of the City of Burlington
 - Progress Payment 4 – additional 25% after completion of Section C to the satisfaction of the City of Burlington
 - Progress Payment 4 – Final 10% paid after completion of Section D including presentation to Joint Management Board and Area Treasurers.

Appendix C

Halton Court Services - Revenue and Cost Projections							
	2021 Projection (based on June 30 Actuals)	2021 Approved Budget	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Projected # of Charges ¹	50,892	70,000	60,000	61,200	62,424	63,672	64,946
Other Revenue ²	\$ (214,715)	\$ (239,920)	\$ (229,595)	\$ (229,595)	\$ (229,595)	\$ (229,595)	\$ (229,595)
Projected Fine Revenue ³	\$ (9,411,049)	\$ (10,877,710)	\$ (9,772,504)	\$ (9,957,304)	\$ (10,145,800)	\$ (10,338,066)	\$ (10,534,177)
Gross Revenue	(9,196,334)	(11,117,630)	(10,002,099)	(10,186,899)	(10,375,395)	(10,567,661)	(10,763,772)
HR (3.0% avg annual incr) plus staff additions	\$ 2,971,803	\$ 3,019,150	\$ 3,228,450	\$ 3,325,304	\$ 3,425,063	\$ 3,527,814	\$ 3,633,649
General Operating Costs (2% annual increase)	\$ 932,265	\$ 1,340,016	\$ 980,107	\$ 999,709	\$ 1,019,703	\$ 1,040,097	\$ 1,060,899
Court-related Operating Costs ⁴	\$ 689,174	\$ 1,027,300	\$ 985,000	\$ 991,150	\$ 997,470	\$ 1,003,965	\$ 1,010,641
Facility Operating Costs ⁵	\$ 1,655,179	\$ 1,674,284	\$ 1,703,343	\$ 1,720,455	\$ 1,789,975	\$ 1,803,709	\$ 1,817,765
Total Operating Costs (minus reserve fund)	\$ 6,248,421	\$ 7,060,750	\$ 6,896,900	\$ 7,036,618	\$ 7,232,211	\$ 7,375,586	\$ 7,522,954
NET REVENUE	(2,947,913)	(4,056,880)	(3,105,199)	(3,150,281)	(3,143,184)	(3,192,075)	(3,240,818)
Reserve Fund Contribution/transfer	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 130,000	\$ 50,000	\$ 50,000
Stabilization Fund Contribution/(Withdrawal)	\$ 2,897,913	\$ (648,760)		\$ -	\$ -	\$ -	\$ -
Net Revenue Distribution-Proposed	-	(4,655,640)	(3,055,199)	(3,100,281)	(3,013,184)	(3,142,075)	(3,190,818)
Staff Additions			1.5				
			1 Prosecutor 0.5 Case Admin				

Eliminate \$4.6M cap and only distribute what is realized thru operations.
(Excess will be contributed back to reserve, shortage will be drawn)

¹Number of Charges - Nominal increase of 2.0% per year effective 2022 to 2026.

²Other Revenue - revenues received from transcripts, parking fees (end after 2021 due to AMPS), French language funding, GO Transit, etc.

³Fine Revenue has been projected based on previous year's history (with exception of 2021-based on 2019)

⁴Court-related operating costs increase with each added courtroom for judiciary and courtroom support. A cost of \$1.95/charge is paid for provincial ICON

⁵Utility costs based on landlord's projections (capped). Operating costs increase by 1.5% annually, base lease by 5% every 5 years and TMI by 2.5% annually.

⁶Each courtroom requires 1 JP, 1 Prosecutor and 1.5 Courtroom Monitors(for virtual proceedings s/b 2 CM)/Every 7,000 charges requires 1 Administration Clerk.

Collections Representatives	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Prosecutors	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Case Administrators	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Courtroom Monitors	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Administration Clerks/Records Clerk*	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Facility Operator	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL SUPPORT STAFF	26.5	28.0	28.0	28.0	28.0	28.0	28.0
*Number of admin staff required based on ratio of 1 staff:7,000 charges	7.3	10.0	8.6	8.7	8.9	9.1	9.3

Halton Court Services - Revenue and Cost Projections								
	2021 Projection (based on June 30 Actuals)	2021 Approved Budget	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	
Job Rate - Prosecution	Using 90% of 2020 job rates + 20% benefits + 3.0% increase/year	112,351	115,721	119,193	122,768	126,452	130,245	
Job Rate - Admin Staff/Collections/Court Mon		78,858	81,224	83,660	86,170	88,755	91,418	
Job Rate - Case Administrator		88,982	91,652	94,401	97,233	100,150	103,155	
Job Rate - Facility Operator/Records Clerk		70,449	72,562	74,739	76,981	79,291	81,669	
Court Related Costs	2021 Projection (based on June 30 actuals)	2021 Budget	2022 Projection	2023 Projection	2024 Projection	2025 Projection	2026 Projection	
Interpreters	95,087	112,000	112,000	115,360	118,821	122,385	126,057	3.0% annual growth
Judiciary	443,964	690,000	700,000	700,000	700,000	700,000	700,000	JP costs increase as shortage of judicial resources is resolved and courtroom usage increases
Provincial Prosecution	27,646	34,000						Assumes no increase in cost. Prov pros cost may end with download in 2021
ICON Fees	82,885	136,500	117,000	119,340	121,727	124,161	126,645	Based on number of charges projected - assumes no increase in cost per charge
Witness Fees	4,000	8,000	9,000	9,450	9,923	10,419	10,940	5.0% annual growth
Monitoring & Enforcement	35,592	46,800	47,000	47,000	47,000	47,000	47,000	Assumes no increase in charges from MAG
	689,174	1,027,300	985,000	991,150	997,470	1,003,965	1,010,641	
Facility Operating Costs	2021 Projection (based on June 30 Actuals)	2021 Budget	2022 Projection	2023 Projection	2024 Projection	2025 Projection	2026 Projection	
Base Lease costs	1,551,605	1,100,040	1,122,004	1,122,004	1,178,104	1,178,104	1,178,104	
Additional Rent (TMI)		436,404	442,209	453,264	464,596	476,211	488,116	2.5% annual growth
Hydro/water		41,250	41,250	41,869	42,497	43,134	43,781	1.5% annual growth/capped
Natural Gas		8,860	10,150	10,302	10,457	10,614	10,773	1.5% annual growth/capped
Janitorial		85,730	85,730	87,016	88,321	89,646	90,991	1.5% annual growth
Building Repair & Maintenance		2,000	2,000	6,000	6,000	6,000	6,000	Flatline
	1,655,179	1,674,284	1,703,343	1,720,455	1,789,975	1,803,709	1,817,765	