



City of
Peterborough

To: **Members of the Committee of the Whole**

From: **Sandra Clancy, Director of Corporate Services**

Meeting Date: **October 17, 2016**

Subject: **Report CPFS16-034**
Ontario Community Infrastructure Fund Formula-Based
Component Contribution Agreement (2017-2019)

Purpose

A report to recommend a by-law be passed authorizing the execution of the Ontario Community Infrastructure Fund Formula-Based (OCIF Formula-Based) Component contribution agreement.

Recommendation

That Council approve the recommendation outlined in Report CPFS16-034 dated October 17, 2016, of the Director of Corporate Services, as follows:

That a by-law be passed authorizing the Mayor and Clerk to sign the Ontario Community Infrastructure Fund Formula-Based Component contribution agreement (2017-2019) between Her Majesty the Queen in Right of Ontario as represented by the Minister of Agriculture, Food and Rural Affairs and The Corporation of the City of Peterborough.

Budget and Financial Implications

The value of the Ontario Community Infrastructure Fund Formula-Based funding is:

2017 formula allocation	\$934,977
2018 proposed formula allocation	\$1,331,308
2019 proposed formula allocation	\$2,105,286

The 2017 calendar year contribution will be reflected in the Draft 2017 Capital Budget.

Background

As reported to City Council in Report CPFS14-025 dated September 2, 2014, Ontario announced a new municipal infrastructure strategy on August 18, 2014. It launched the Ontario Community Infrastructure Fund (OCIF) which is a permanent source of funding for municipalities with a formula-based component (no application required) and an application-based component.

OCIF Formula-Based Component

The OCIF Formula-Based grant is a predictable, annual, non-application based provincial funding source to support the revitalization and repair of roads, bridges, water and wastewater infrastructure and the development of asset management plans in small, rural and northern communities. The City of Peterborough received \$457,719 annually in each of 2015 and 2016 under the first iteration of the fund.

On July 4, 2016, Ontario launched the expanded OCIF. As part of this launch, the Province continues to provide support for municipal infrastructure projects by increasing the amount of stable, predictable formula-based funding from \$50 million per year to approximately \$95 million in 2017, \$130 million in 2018 and \$200 million per year in 2019 and thereafter.

In addition to enhanced funding being provided through the expanded OCIF, the Province has updated the program design based on feedback from municipalities:

- Recipients may accumulate annual formula-based grants for up to five years to address larger priority infrastructure projects.
- Eligible expenditures have been expanded to include water and wastewater optimization activities, loan payments on new core infrastructure projects, and municipal staff time dedicated to asset management planning.
- Eligible expenditures have been clarified to include the construction of new core infrastructure to address an existing health or safety issue (e.g., connecting existing households on septic systems to wastewater infrastructure).

Calculating the Grant

The OCIF Formula-Based grant takes into account two indicators:

- 1) the ratio of adjusted core infrastructure to weighted assessment; and
- 2) the ratio of the municipality's core infrastructure per household to median household income.

The calculation of funding per \$100,000 of core infrastructure varies for each municipality. Municipalities, whose ratios are higher than the median, receive more funding. The median funding per \$100,000 of core infrastructure is \$179 in 2017. The

range is between \$134 and \$269. The City of Peterborough's Infrastructure Index is lower than the median. In 2017, the City receives \$156.67 per \$100,000 of core infrastructure.

OCIF Application-Based Component

In addition to the funding received through the OCIF Formula-Based component, the City was successful in receiving funding through the OCIF – Application-Based program for the following projects:

Project	OCIF Intake	Project Budget	OCIF Grant	Council Report
Riverside Drive Reconstruction	2014	\$3,050,000	\$1,775,000	CPFS15-008 USEC15-007
Bears Creek – Marina Boulevard	2015	\$3,500,000	\$2,000,000	CPFS16-007

As part of the July 4, 2016 launch, the Application-Based component was redesigned to act as a "top-up" component allowing smaller municipalities with critical infrastructure projects to submit proposals to bring their total OCIF funding up to a maximum of \$2 million over two years. About \$50 million is available for the 2016 intake.

Eligibility for the 2016 intake is being targeted to communities whose formula-based grants in 2017 and 2018 add up to less than \$2 million and who did not receive funding under the last application-based intake. Eligible communities with critical infrastructure projects may submit proposals in October 2016 to bring their total OCIF funding up to \$2 million over two years.

The City is not eligible for the 2016 intake of the OCIF Application-Based component. The City did not meet the eligibility criteria because (1) the OCIF Formula- Based grant in 2017 and 2018 exceeds \$2 million; and (2) the City was successful in securing grants in prior intakes.

What is required of municipalities to receive the Formula-Based component?

The City must sign and provide to the Ministry, prior to November 2, 2016, a Contribution Agreement showing they agree to the terms and conditions of the funding. The Agreement is attached as Appendix A.

In addition, a comprehensive up-to date asset management plan and outstanding Financial Information Return must be submitted prior to December 31, 2016 to receive the first grant installment.

What types of infrastructure are eligible?

Eligible projects include:

- (a) The development and implementation of asset management plans (e.g. software, training, inspections) and the implementation of Composite Correction Program recommendations.
- (b) Capital projects and capital maintenance for the renewal, rehabilitation and replacement of core infrastructure assets or capital construction of new core infrastructure that addresses an existing health or safety issue, including:
 - (i) Water
 - a. Water treatment, and
 - b. Water distribution/transmission.
 - (ii) Wastewater:
 - a. Wastewater treatment and disposal,
 - b. Sanitary sewer systems, and
 - c. Storm sewer systems (urban and rural).
 - (iii) Roads
 - a. Paved roads,
 - b. Unpaved roads,
 - c. Bus-only lanes,
 - d. Street lighting may be included as an eligible item when part of a road project, and
 - e. Sidewalks and/or cycling lanes located along an existing road.
 - (iv) Bridges and Culverts:
 - a. Sidewalks and/or cycling lanes located along an existing road.

Ineligible projects are any project not part of the City's Asset Management Plan, and also include:

- (a) Projects that are routine upgrades or improvements to storm water infrastructure and drainage (Note: an eligible project must eliminate or significantly reduce the potential for serious damages to adjacent critical infrastructure (e.g. roads, bridges, etc.));
- (b) Growth-related expansion projects (e.g. new subdivision infrastructure);
- (c) Infrastructure expansion projects to accommodate future employment or residential development on greenfield sites; and
- (d) Recreational trail projects.

Project Timing and Reporting

The City may accumulate the formula-based grants for up to five years. For example, grant funding received in 2017 must be spent by December 31, 2021.

Annual reporting will be required to forecast each year how the City plans on using the funding. Reports must also be submitted annually for each project specifying how the funds were spent.

Summary

In signing the Agreement, the City agrees to abide by the terms and conditions which include annual reporting. The first requirement is passing a by-law to authorize the Mayor and Clerk to sign the Contribution Agreement to allow the flow of OCIF – Formula –based funds. The funds will assist the City of Peterborough in alleviating capital pressures and implementing priority capital projects.

Submitted by,

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Attachments:

Appendix A – Contribution Agreement

Appendix A

Contribution Agreement