

Report FR-CC-42-14

To: Warden Milne and Members of County Council
From: Kevin Wepler, Director of Finance
Meeting Date: November 25, 2014
Subject: **Ontario Community Infrastructure Fund – Formula-Based Funding Contribution Agreement**
Status: Recommendation adopted by County Council November 25, 2014 per resolution CC166-14

Recommendation(s)

WHEREAS the Province of Ontario has announced infrastructure funding under the Ontario Community Infrastructure Fund (OCIF);

AND WHEREAS the County of Grey wishes to enter into this Formula-Based Contribution Agreement;

NOW THEREFORE BE IT RESOLVED THAT the Report FR-CC-42-14 regarding the Ontario Community Infrastructure Fund – Formula-Based Funding Contribution Agreement by received;

AND THAT the necessary by-law be prepared authorizing the Warden and Clerk to execute the Contribution Agreement with the Ministry of Agriculture, Food and Rural Affairs.

Background

The Province of Ontario announced infrastructure funding for municipalities under the permanent Ontario Community Infrastructure Fund (OCIF). The Ontario Community Infrastructure Fund (OCIF) will provide \$100 million per year to support the revitalization and repair of roads, bridges and other critical infrastructure in small, rural and northern communities. The OCIF includes \$50 million per year in application funding and another \$50 million in stable, predictable formula-based funding.

The OCIF formula funding allocations are based on municipal fiscal ability and municipal infrastructure stock. Grants will be linked to core infrastructure (roads, bridges, water and wastewater) owned by municipalities and to their fiscal circumstances.

The grant is designed to respond to local needs and fiscal circumstances. In order to

ensure that municipalities with more core infrastructure and more challenging fiscal circumstances receive proportionally larger grants, the amount of funding per \$100,000 of total core infrastructure is calculated using an “infrastructure index”. Municipalities with a higher infrastructure index will receive a proportionally larger grant per \$100,000 of core infrastructure. The minimum grant size is \$25,000.

In October, an allocation notice was received from the Ministry of Agriculture, Food and Rural Affairs, notifying that the County of Grey’s annual grant allocation (2014-2016) would be \$324,515. This notice requested that the County keep its allocation confidential until the province had made a formal announcement. The formal announcement was sent November 17, 2014.

This financial assistance will be provided, subject to the terms and conditions of the Agreement, in accordance with the following:

Annual Financial Assistance is over \$150,000

Funding Year	1 st Installment (25%)	2 nd Installment (50%)	3 rd Installment (25%)
2015	January – March 2015	April – June 2015	July to September 2015
2016	January – March 2016	April – June 2016	July to September 2016
2017	January – March 2017	April – June 2017	July to September 2017

Financial / Staffing / Legal / Information Technology Considerations

The County of Grey annual grant allocation for the 2014-2016 years will be \$324,515. This will provide stable funding to help address core infrastructure needs and will be subject to the terms and conditions of the Agreement.

Link to Strategic Goals / Priorities

Establishing funding agreements will ensure that Council’s goals of ensuring financial stability and ongoing public accountability are maintained.

Attachments

[Ontario Community Infrastructure Fund \(OCIF\)- Formula-based Component \(OCIF\) Municipal Contribution Agreement - OCIF FC-0105](#)

Respectfully submitted by,

Kevin Weppler
Director of Finance

Ministry of Agriculture,
Food and Rural Affairs

Ministère de l'Agriculture,
de l'Alimentation et
des Affaires rurales

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Rural Programs Branch

November 17, 2014

File Number: OCIF FC-0105

Derik Brandt, Chief Administrative Officer
County of Grey
County Building, 595 9th Avenue E.,
Owen Sound, Ontario
N4K 3E3

derik.brandt@grey.ca

Subject: Ontario Community Infrastructure Fund – Formula-Based Funding Contribution Agreement

Dear Derik Brandt,

As previously communicated, I am pleased to confirm your eligibility in the Ontario Community Infrastructure Fund – Formula-based Component (OCIF-Formula). Enclosed you will find your municipality's OCIF-Formula Contribution Agreement (CA). Funding for the OCIF-Formula component will be processed by spring 2015, subject to the signing and return of the attached CA between the County of Grey and Ontario, as well as other conditions as outlined in the CA.

Instructions for executing the CA:

1. Print two copies of the attached CA PDF document;
2. Write in the names of the municipal signatories on or around page 21 of the CA;
3. Have the signatories sign and affix the corporate seal next to the signatures. If your municipality does not have a corporate seal, please indicate this in your return cover letter with the signed agreements;
4. Include a certified true copy of the municipal by-law or council resolution designating the signing officers and authorizing the execution of the CA;
5. Return both hard copies and by-law or council resolution to the attention of the undersigned via post or courier no later than **Wednesday, December 31, 2014**.
6. Provided all documents are in order, the ministry will arrange for the execution of the CAs and return one original for your files.



Good Things
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À bonne terre,
bons produits



Instructions for submitting other required documentation by Wednesday, December 31, 2014 in order to receive funding:

1. As required under the CA terms and conditions, the following materials must be submitted to the attention of the undersigned at OMAFRA:
 - an up-to-date comprehensive asset management plan, covering at least core infrastructure assets; and
 - all outstanding reports from the 2012 Municipal Infrastructure Investment Initiative and/or the 2013 Small, Rural and Northern Municipal Infrastructure Fund.
2. Included in the email attachments are two versions of the Proposed Project Reporting Table to be completed, depending upon the scope of the proposed project(s) for which your funding will be used. Complete Section A of the applicable form(s), as appropriate, and return to OMAFRA. (Additional information for completing Section A can be found in the CA – Schedule B.)
3. The 2012 and 2013 Financial Information Returns, without critical errors, must be submitted to the Ministry of Municipal Affairs and Housing (MMAH) in the usual manner.

Upon completion of the conditions outlined in the CA and a review by ministry staff to confirm completion, the funding for 2014/15 will be processed.

For those interested, we have arranged a webinar session to provide information on the process for the OCIF Formula-based component. Ministry staff will be available to answer any questions you may have. An appointment will be sent out shortly and will include all of the pertinent information. We encourage you to attend this seminar

Should you have questions regarding this process, please contact Joseph Dubonnet, Program Analyst, at 519-826-3717 or via email at joseph.dubonnet@ontario.ca

Sincerely,



Joel Locklin, Manager (A)
Program Operations

encl.



**Ontario Community Infrastructure Fund (OCIF)
Formula-based Component**

Allocation Notice

**Ministry of Agriculture, Food and Rural Affairs
Ministry of Economic Development, Employment and Infrastructure**

County of Grey

September 2014

Ontario Community Infrastructure Fund (OCIF) Formula-based Component: Allocation Notice

County of Grey

Highlights	
Annual Grant Allocation (2014 - 2016)	\$324,515
Infrastructure Index	0.075
Percentage points away from median	9.2
Funding per \$100K core infrastructure	\$109

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Table 2a	Calculation of Indicator 1 (ratio of core infrastructure to weighted property assessment)
Table 2b	Calculation of Indicator 2 (ratio of core infrastructure per household to median household income)
Table 3	Calculation of Grant

*Please Note: Due to rounding, some calculations may vary from the results shown.
For a detailed step-by-step explanation of the calculations, please consult the program manual.*

Ontario Community Infrastructure Fund (OCIF)

County of Grey

Adjusted Core Infrastructure

Table 1 - Calculation of Adjusted Core Infrastructure

A	Adjusted Core Infrastructure: A1 + A2	\$1,214,766,550
	1. Municipality's core infrastructure	\$297,259,786
	2. Core Infrastructure of lower tiers	\$917,506,764

Data Sources

- **Core infrastructure:** assets valued at cost as reported in Schedule 51 of the Financial Information Return (FIR).
The best of 2012 or 2013 FIR data is used - whichever yields a higher total core infrastructure value for the municipality.
FIR Categories included are:

<u>Line</u>	<u>Item</u>
611	Roads - Paved
612	Roads - Unpaved
613	Roads - Bridges and Culverts
614	Roadways - Traffic Operations & Roadside Maintenance
621	Winter Control - except Sidewalks, Parking Lots
622	Winter Control - Sidewalks, Parking Lots only
650	Street Lighting
811	Wastewater Collection/Conveyance
812	Wastewater Treatment and Disposal
821	Urban Storm Sewer System
822	Rural Storm Sewer System
831	Water Treatment
832	Water Distribution/Transmission

- **Weighted property assessment:** Measures the size of the municipality's tax base. Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes (PILs) retained by the municipality). Data sources: 2013 returned roll and 2014 starting tax ratios (Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws) and Municipal FIRs (2012 or 2011 for PILs).

Ontario Community Infrastructure Fund (OCIF)

County of Grey

Calculation of Indicators

Table 2a - Indicator 1 (ratio of adjusted core infrastructure to weighted property assessment)

Indicator 1 Value for Municipality

A	Indicator 1 Value: (A1 + A2)	0.088
	1. Municipality's adjusted core infrastructure	\$1,214,766,550
	2. Municipality's weighted property assessment	\$13,754,664,398

Indicator 1 of Eligible Municipalities: Median, Lowest, Highest Value

B	Lowest Value	0.002
C	Median Value	0.086
D	Highest Value	0.311

Calculation of Re-weighted Indicator 1

E	Difference between Indicator Value and Median (A - C)	0.002
F	Difference between the Median and the Maximum Value (D - C)	0.226
G	Re-weighted Indicator 1 (E ÷ F)	0.010

Note

Line F: Since the indicator is above the median, the difference between the median and the highest value is calculated (D - C)

Line G: The re-weighted indicator is on a scale of -1 to +1.

Ontario Community Infrastructure Fund (OCIF)

County of Grey

Calculation of Indicators

Table 2b - Indicator 2 (ratio of core Infrastructure per household to median household income)

Indicator 2 Value for Municipality

A	Indicator 2 Value: $((A1 \div A2) \div A3)$	0.444
	1. Municipality's adjusted core infrastructure	\$1,214,766,550
	2. Municipality's number of households	48,437
	3. Municipality's median household income	\$56,518

Indicator 2 of Eligible Municipalities: Median, Lowest, Highest Value

B	Lowest Value	0.013
C	Median Value	0.340
D	Highest Value	1.062

Calculation of Re-weighted Indicator 2

E	Difference between Indicator Value and Median (A - C)	0.104
F	Difference between Median and Maximum Value (D - C)	0.742
G	Re-weighted Indicator 2 (E ÷ F)	0.140

Note

Line F: Since the indicator is above the median, the difference between the median and the highest value is calculated (D - C)

Line G: The re-weighted indicator is on a scale of -1 to +1.

Data Sources

Median household income: Statistics Canada's measure of median income for all private households (2011).

Ontario Community Infrastructure Fund (OCIF)

County of Grey

Table 3 - Total Grant

Infrastructure Index

A	Infrastructure Index: $((A1 + A2) \div 2)$	0.075
	1. Re-weighted Indicator 1	0.010
	2. Re-weighted Indicator 2	0.140

Calculation of Funding per \$100,000 of Core Infrastructure

B	Funding per \$100,000 Core Infrastructure: $(\\$100 + \\$10 \times (A - B1) + 10\%)$	\$109.17
	1. Median of Infrastructure Indices of all Eligible Municipalities	-0.017

Calculation of Grant

C	Total Grant: Maximum of $(B \times C1 + \\$100,000)$ or \$25,000 (i.e. whichever is greater)	\$324,515
	1. Municipality's total core infrastructure	\$297,259,786

Note

Line B: Since the index is above the median of eligible municipalities, the funding per \$100,000 of core infrastructure is greater than \$100. The minimum funding is \$75 per \$100,000 core infrastructure and the maximum funding is \$150.