

## Report FR-CS-31-14

**To:** Chair Pringle and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
M.J. Kelly, Director of Transportation Services  
**Meeting Date:** September 9, 2014  
**Subject:** **Ontario Community Infrastructure Fund and Building Canada Fund – Small Communities Fund Infrastructure Funding**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS79-14; Endorsed by County Council October 7, 2014 per Resolution CC132-14

### Recommendation(s)

**WHEREAS** the Province of Ontario has announced infrastructure funding under the Ontario Community Infrastructure Fund (OCIF) and the Building Canada Fund – Small Communities Fund (BCF-SCF).

**AND WHEREAS** the OCIF and BCF-SCF are application based programs which require the County of Grey to submit one Expression of Interest for each program by September 19, 2014;

**NOW THEREFORE BE IT RESOLVED THAT** Report FR-CS-31-14 regarding the Ontario Community Infrastructure Fund and Building Canada Fund – Small Communities Fund Infrastructure Funding be received;

**AND THAT** the Corporate Services Committee approve the following two infrastructure projects to be submitted as an Expression of Interest to the Ontario Community Infrastructure Fund and Small Communities Fund:

- OCIF – Grey Road 3 Structure Replacement
- SCF – Grey Road 15 Reconstruction and Urbanization

**AND FINALLY THAT** according to the County's Procedural By-law 4821-13, Section 24.14 b), that the Corporate Services Committee hereby authorizes that these actions of submitting Expressions of Interest, as contained in Report FR-

**CS-31-14, proceed prior to Council's approval, as these actions are of a time-sensitive matter.**

## Background

The Province of Ontario announced infrastructure funding for municipalities under the permanent Ontario Community Infrastructure Fund (OCIF) and Building Canada Fund – Small Communities Fund (BCF-SCF). These programs will flow \$100 million annually (OCIF) and \$272 million from each of the federal and provincial governments (SCF) to municipal infrastructure projects. Ontario intends to identify Small Communities Fund projects jointly with the new permanent Ontario Community Infrastructure Fund.

### *Ontario Communities Infrastructure Fund*

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. These allocations include a base amount and allocations will be confirmed in September. 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.

The OCIF application based funds for eligible municipalities will provide up to \$2 million for critical roads, bridges, water and wastewater projects identified under asset management plans. The OCIF program is to be reviewed in three years with the objective of moving to full formula-based funding over time as critical projects are addressed and asset management plans are in place. This will place the onus on municipal governments to complete and expand their asset management planning so that they are in place to guide infrastructure investments.

*Building Canada Fund – Small Communities Fund*

Through the Small Communities Fund, Ontario and Canada will each provide \$272 million to support projects in municipalities with populations less than 100,000. The SCF is part of the Federal Government’s ten-year Building Canada Fund.

With municipal contributions added, this application based fund will dedicate over \$800 million to local infrastructure. SCF eligible project categories include:

- Public transit
- Drinking water
- Wastewater
- Solid waste management
- Green energy
- Innovation
- Connectivity and broadband
- Brownfield redevelopment
- Disaster mitigation infrastructure
- Local and regional airports
- Short-line rail
- Short-sea shipping
- Highways and major roads

*Application Program Highlights*

The application process for the OCIF and the SCF will involve two stages. First, eligible applicants may submit an Expression of Interest (EOI) for pre-screening. Following this, eligible applicants that successfully pass the EOI pre-screen will be required to submit their asset management plan, along with a full project application. The deadline for submitting EOIs is September 19, 2014.

The following table provides a brief summary and comparison of the application-based component of the OCIF and the intake to identify potential SCF projects.

**OCIF and SCF Comparison**

	<b>OCIF Application-based Component</b>	<b>Federal Government’s Small Communities Fund</b>
<b>Funding available?</b>	\$50 million in annual provincial funding.	\$272 million from each of the federal and provincial governments.
<b>Who is an eligible applicant?</b>	<b>Municipalities</b> that: <ul style="list-style-type: none"> <li>• have a population of less</li> </ul>	<b>Municipalities and Local Services Boards (LSBs)</b>

	<b>OCIF Application-based Component</b>	<b>Federal Government's Small Communities Fund</b>
	<p>than 100,000 or</p> <ul style="list-style-type: none"> <li>are located in northern Ontario.</li> </ul> <p><b>Note:</b> Municipalities that were eligible to apply for funding under the 2013 Small, Rural and Northern Municipal Infrastructure Fund and do not meet the eligibility criteria noted above are eligible to apply for funding under the application-based component of the OCIF.</p> <p><b>Local Services Boards (LSBs)</b> with water or wastewater systems.</p> <p><b>Note:</b> Municipalities may develop project applications in partnership with other municipalities, LSBs and First Nations communities.</p>	<p><b>Public Sector Bodies</b> that are owned by a province, municipality or regional government and provide municipal infrastructure services.</p> <p><b>Indian Act Band Councils</b></p> <p><b>Private sector bodies</b> (for-profit or not-for-profit organizations) with support by a municipality by way of resolution in council.</p> <p><i>Eligible applicants are those entities listed above and are restricted to those whose projects are situated with and/or for the benefit of communities with a population of less than 100,000 people. (A community is defined as the legal entity of the local government pursuant to applicable provincial or territorial legislation, that is, having the legal status of a local government pursuant to provincial or territorial legislation in that province or territory).</i></p>
<b>Which projects are eligible?</b>	Roads, bridges, water and wastewater projects.	Highways and major roads, drinking water, wastewater, public transit, solid waste management, green energy, innovation, connectivity and broadband, brownfield remediation and redevelopment, disaster mitigation, local/regional airports, short-line rail and short sea shipping projects.
<b>What portion of funding may be requested?</b>	Up to 90% provincial funding of the total eligible costs of a project. No federal funding.	In most cases, the maximum federal and provincial contribution will be two-thirds of the total eligible costs of a project.
<b>What is the funding cap?</b>	\$2 million maximum provincial share.	None
<b>How will funding flow?</b>	Funding will be flowed as project milestones are achieved.	Receipts based.

	<b>OCIF Application-based Component</b>	<b>Federal Government's Small Communities Fund</b>
<b>Project completion</b>	Projects must be completed by December 31, 2016.	To be outlined in contribution agreements.
	<b>OCIF Application-based Component</b>	<b>Federal Government's Small Communities Fund</b>
<b>EOI timeline?</b>	EOIs will be accepted until 5 pm (EST) on September 19, 2014	
<b>Timelines for full applications?</b>	Eligible applicants that successfully pass the EOI stage will be provided with an application package and will have a minimum of 30 days to complete application forms. Applications will be due in December 2014.	

There are a number of other conditions and requirements that are detailed in the program manuals for the OCIF and SCF programs. Due to the upcoming timeline of September 19, 2014, for the submission of Expression of Interest, decisions will be required to be made on eligible projects to submit for consideration. Eligible applicants can submit one application for each program (the OCIF and the SCF). An application for the same project cannot be submitted to both the OCIF and the SCF. It is therefore the responsibility of the County of Grey to determine the most appropriate program for each project it decides to submit an application.

Staff has reviewed each of the program manuals for the OCIF and SCF programs. Based on application criteria, staff is recommending the following two projects be submitted as an expression of interest for the Ministry's consideration. As per the program manuals, the OCIF applications will be reviewed by the Province based on specific technical assessment criteria for each project type. For Road projects, health and/or safety issues related to road infrastructure will be assessed primarily in terms of accident risk. For Bridge projects, health and/or safety issues related to bridges will be assessed primarily on the condition of the structure, which must be determined through an inspection carried out in accordance with the Ontario Structure Inspection Manual (OSIM) or equivalent. Whereas the SCF application for Highways and Major Roads is to invest in highways and major roads, including bridges that have broad public benefits, and that contribute to economic growth, to a clean environment, and stronger communities. Objective subcategories noted for the SCF program for Highways and Major Roads indicates the following:

- ♣ New construction, additional capacity, or rehabilitation of highways and major roads, including bridges and tunnels that are:
  - Key interprovincial or international corridors, or new construction projected to carry significant volumes (as defined as an average annual daily traffic value of at least 3,000) of freight and/or passenger traffic; or

- Highways or roads that provide access to border crossing or to facilities such as ports, airports, railway intermodal yards, or intermodal/multi-modal/transfer facilities or logistics parks;
- ♣ Highways or roads, related to major natural resource development opportunities; or,
- ♣ A rail-road grade separation on one of the above highways or major roads.

It is therefore believed by staff that the following two projects best meet the Province and the Federal Government's priorities for projects that focus on renewal, rehabilitation, and replacement.

- Ontario Community Infrastructure Fund (OCIF)
  - Replacement of a concrete bridge on Grey Road 3, 0.15km north of Grey Road 16
    - ♣ The 2013 Ontario Structural Inspection Manual (OSIM) Bridge Condition Index was 34.61. A rating less than 60 suggest that a replacement should be considered. The Bridge Condition Index in 2011 was 46.3 which is a drop of 11.69 in two years.
    - ♣ The cost to replace the bridge is estimated to be \$1,400,000
    - ♣ This project is identified on the Grey County's five year program for 2015.
    - ♣ The project is expected to be ready for tender in early 2015
- Small Communities Fund
  - Reconstruction of Grey Road 15 (3<sup>rd</sup> Avenue East) from the Owen Sound sewage treatment plant to 28<sup>th</sup> Street.
    - ♣ This road has traffic volumes greater than 3,000 vehicles a day.
    - ♣ The work will include the reconstructing the road to an urban standard as well as replacing municipal infrastructure such as the sanitary and storm sewers and the municipal water.
    - ♣ This work will be completed in conjunction with the City of Owen Sound.
    - ♣ When the project is completed it will promote the growth and development of the City's industrial park as well as housing developments. In addition, the upgrades to the sanitary sewer main will improve the health of the environment.
    - ♣ The Grey County cost for this work is estimated to be \$2,050,000.
    - ♣ This project is identified on the Grey County's five year program for 2015.
    - ♣ The work will be ready for tender by early 2015.

## Financial / Staffing / Legal / Information Technology

### Considerations

#### OCIF - Grey Road 3 Structure Replacement

- The total estimated cost for this project is \$1,400,000.
- It is recommended that an application be made for 90 percent of the total eligible project cost of \$1,400,000 or for \$1,260,000 in provincial funding.
- Grey County would be responsible to fund the remaining 10 percent or \$140,000.

#### SCF- Grey Road 15 Reconstruction and Urbanization

- The total cost of the project is estimated to be \$5,570,000 with Grey County's estimated portion of this project to be \$2,050,000.
- It is being recommended that an application be made for the entire amount of Grey County's portion.
- Grey County would be responsible for 33 percent of the cost of the application or \$ 683,500.
- The City of Owen Sound portion of this total project cost is being funded by the City of Owen Sound and \$1.1 million in infrastructure funding from the Small, Rural and Northern Infrastructure Fund.

### Link to Strategic Goals / Priorities

The approval of this recommendation to submit projects under the Ontario Community Infrastructure Fund and Small Communities Fund aligns with Goal 1.5 to actively pursue provincial and federal funding to sustain municipal services and infrastructure.

Respectfully submitted by,

K. Weppler, Director of Finance

M. J. Kelly, Director of Transportation Services