

THE REGIONAL MUNICIPALITY OF YORK

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**REPORT NO. 1 OF THE CHIEF ADMINISTRATIVE OFFICER AND THE
COMMISSIONER OF FINANCE**

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**For Consideration by
The Council of The Regional Municipality of York
on January 24, 2008**

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MUNICIPAL INFRASTRUCTURE INVESTMENT INITIATIVE**

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the participation in the Municipal Infrastructure Investment Initiative by approving a grant application request in the amount of \$10 million for the Source Separated Organics in Vessel Facility project; and
2. In the event the Source Separated Organics in Vessel Facility project cannot meet any of the criteria of the application, Council approve the participation in the Municipal Infrastructure Investment Initiative by approving a grant application request in the amount of \$7 million for the Vaughan Civic Centre Social Housing project.; and
3. By-laws for both projects be approved with the by-law for the social housing project to be utilized only in the case that the first priority project application cannot proceed.
4. The Chair and Chief Administrative Officer be authorized to execute any documents related to this application.

2. PURPOSE

This report seeks approval of Council to apply for a grant under the Municipal Infrastructure Investment Initiative in the amount of \$10 Million for the Source Separated Organics in Vessel Facility project. The details of this program were released January 11th with an application deadline of February 15th. The program requires that a by-law affirming Council's support of the application accompany the application itself.

3. BACKGROUND

The Province of Ontario in its Economic Update in November 2007, announced additional infrastructure funding for municipalities of \$300 million. The program, called The Municipal Infrastructure Investment Initiative, is being administered by Infrastructure Ontario. The funding is available to all municipalities in Ontario except Toronto.

This \$300 million initiative is a one-time, application-based program that is intended to address community infrastructure priorities and support as many projects as possible across Ontario.

The program allows a municipality to apply for one project only and the deadline for applications is February 15, 2008. The municipal application requires a by-law from Council indicating its support of the application at the time of application.

- Applicants are also asked to explain how their project will help to implement a council-adopted municipal plan (e.g., Official Plan, Asset Management Plan, etc.). Applicants should identify the plan, and the objectives or policies of the plan that the project would help to implement or support.
- The municipal council must pass a by-law affirming their support of their application.

The details of this program were released January 11th with an application deadline of February 15th. The program requires that a by-law affirming Council's support of the application accompany the application itself. Accordingly, staff is requesting Council's approval of the application without the completion of all elements of the application due to the timing issues.

4. ANALYSIS AND OPTIONS

There are several stringent conditions for funding eligibility.

Key elements of the program are:

- Only ONE project will be considered from each eligible municipality
- Applicants can apply for up to 100% of the project cost. There is no requirement for the municipality to match the funding awarded under this program.
- A municipal council must pass a by-law affirming their support of their application.
- Applicants must state the amount of the grant that they are requesting on their application forms.
- Successful applicants will receive exactly the amount of the grant that was requested in the application. The province will not award “partial” grants under the program. The province will not negotiate or adjust grant amounts after an application has been submitted.
- All types of municipally owned infrastructure are eligible for funding, except for public transit infrastructure.
- The project must be construction-ready (defined as are those where the municipality has completed, or will soon complete, all required studies and approval processes (such as environmental assessments) to allow the project to proceed to tendering and construction.)
- Projects will not be eligible if construction work (e.g., physical changes to land or buildings above or below ground level) has started prior to the approval of the funding application.
- Project-related studies, including planning, feasibility and environmental assessment (EA) studies will not be funded under this initiative.
- Applicants must explain the benefits that the project will have for the community, the region and the province. The following categories of benefits must be explained in the application: economic or commercial benefits; environmental or sustainability benefits; health and safety benefits; and social or community benefits.
- Applicants are also asked to explain how their project will help to implement a council-adopted municipal plan (e.g., Official Plan, Asset Management Plan, etc.).

Funding application requests need to identify a specific dollar amount.

Although there is no maximum cap for funding awards in this initiative, the total pool of available funds is limited to \$300 million. The guidelines for the evaluation process indicate that one of the criteria will be consideration of regional distribution of projects around the province.

Total available funding to York Region municipalities has been estimated.

It is difficult to estimate how much funding would be available, but if the \$300 million were to be allocated on a population proportional basis, York Region would receive in the range of \$24-27 million. If this were split evenly between upper and lower tiers, the Region would be eligible for approximately \$12 to \$13.5 million.

In determining the amount to request we need to remember that the program provides funding of either the amount requested or nothing.

Source separated organics (Green Bin) processing facility best suits the eligibility criteria.

Staff have reviewed our capital program to identify projects that meet the above criteria and provide the greatest net benefit to the Region from a financial perspective resulting in the greatest financial benefit to the Regional taxpayer.

The project that is most evident is the Source Separated Organics in Vessel Facility project that is proposed to be constructed jointly with the County of Dufferin. The Region is responsible for funding 90% of that project, which has a construction value of approximately \$20 million. The project is currently in the process of receiving bids on a Request for Proposal and could be under construction in a timely manner. The project is one that benefits the entire Region and meets an existing shortage of such environmental facilities. It also supports a number of regional and provincial goals and objectives.

It is recommended that the grant amount requested be \$10 Million. This represents less than the 50% of a per capita allocation and also demonstrates a cost sharing of the project between the Province and the Region. The application would represent approximately 50% of the York Region funding for the project.

Alternate project is the social housing project at the Vaughan Civic Centre.

As noted earlier each municipality may apply for only one project. The details of this program were released January 11th with an application deadline of February 15th. All elements of the application have not been possible to complete to date and there could be issues that arise making an application for this project impossible. Since Council must approve the application by by-law and the January 24th meeting is the only meeting that meets the February deadline it is recommended that Council also approve an alternate application and pass by-laws for both projects.

In the event the Source Separated Organics project cannot meet the criteria it is recommended that a second project be supported with a by-law. The staff recommendation for that project is the construction of the social housing project at Vaughan Civic Centre. This project also meets a number of the criteria and will receive approximately \$7 million in Regional funding. It is recommended that this project application be for \$7 million representing the existing Regional commitment.

5. FINANCIAL IMPLICATIONS

If received this grant will reduce the portion of the project to be paid through regional taxes by \$10 Million. The savings will be realized through reduced future debt repayments for this project of approximately \$1.3 million annually.

6. LOCAL MUNICIPAL IMPACT

This funding initiative is available to all municipalities within York Region. Given the short turn-around time, the Regional submission reflects only 50% of the municipal entitlement – leaving room for direct applications from local municipalities.

7. CONCLUSION

The Region should submit a grant funding application under the Municipal Infrastructure Investment Initiative for \$10 Million for the Source Separated Organics in Vessel Facility. The project appears to meet all necessary program criteria and the funding request should be within the anticipated available funding allocated to this geographic area. A second project also be approved by Council as an alternative in the unlikely case of problems arising in the application process for the original project.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**January 22 , 2008
Newmarket, Ontario**

**B. Macgregor
Chief Administrative Officer**

**L. Russell
Commissioner of Finance**