

<b>TO:</b>	<b>CORPORATE SERVICES COMMITTEE MEETING ON DECEMBER 11, 2012</b>
<b>FROM:</b>	<b>MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>MUNICIPAL INFRASTRUCTURE INVESTMENT INITIATIVE (MIII) - CAPITAL PROGRAM</b>

<b>RECOMMENDATIONS</b>
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That, on the recommendation of the City Treasurer, Chief Financial Officer, the following actions be taken with respect to the Municipal Infrastructure Investment Initiative (MIII) – Capital Program, it being noted that eligible recipients may receive contributions up to a maximum of 90% of the project or \$2 million (whichever is less) under this program:

- a. The Expression of Interest (Appendix A) **BE APPROVED** for submission under the Municipal Infrastructure Investment Initiative (MIII) – Capital Program; and,
- b. Civic Administration **BE AUTHORIZED** to submit necessary applications and prepare any necessary by-laws regarding projects that are approved for funding under the Municipal Infrastructure Investment Initiative (MIII) – Capital Program.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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None.

<b>BACKGROUND</b>
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**Program Background**

On August 16, 2012, the Province released the first phase of the Municipal Infrastructure Strategy. Goals of the strategy include: making good asset management planning universal; moving toward optimal use of a full range of infrastructure financing tools; and addressing the structural challenges facing small communities.

The strategy begins by requiring municipalities that request provincial infrastructure funding to show how proposed projects fit within a comprehensive asset management plan. Asset management helps municipalities make smart planning decisions about building, operating, maintaining, renewing and replacing infrastructure over the long-term. This will help prioritize needs over wants and help ensure the right investments are made at the right time.

To support the strategy, on Thursday November 15, 2012, the Minister of Infrastructure and Transportation and the Minister of Municipal Affairs and Housing, the Honourable Bob Chiarelli, announced the second phase of the Municipal Infrastructure Strategy through the Municipal Infrastructure Investment Initiative (MIII) – Capital Program. This phase makes available \$51 million in 2013-14 and 2014-15 to address necessary road, bridge, water and wastewater projects identified as top priorities through comprehensive asset management plans.

The objectives of the MIII Capital Program are to:

- Further strengthen municipal asset management practices;
- Support the most critical roads, bridges, water and wastewater projects; and,
- Provide funding to municipalities that are unable to undertake projects without provincial support.

Asset management plans are the tool by which MIII Capital Program applicants demonstrate that proposed projects are top priorities and that the full range of local infrastructure financing tools has been explored, including debt financing, user fees and charges (e.g., water rates), local improvement charges and special services levies (i.e., area rates), Infrastructure Ontario's services, federal government support, and partnerships (e.g., with other municipalities).

The MIII Capital Program includes a pre-screening process as well as an application process. The objectives of the pre-screening process are to identify projects that have the greatest potential for alignment with the objectives of the MIII Capital Program and to minimize the time municipalities spend preparing applications.

The share of provincial funding that may be requested is flexible up to a maximum of 90% of total project costs or \$2 million, whichever is lower. Both the pre-screening process and the application process will look at proposed projects from three angles: asset management planning; the criticality of the proposed project; and the fiscal situation of the applicant, including efforts to finance the project using local tools.

To submit an Expression of Interest for pre-screening, eligible municipalities must make a declaration, through a resolution from Municipal Council, certifying that:

- the information in the Expression of Interest is factually accurate; and
- the municipality has a comprehensive asset management plan in place or is committed to developing one by December 31, 2013.

Applicants must submit an Expression of Interest for pre-screening on or before January 9, 2013. Only one Expression of Interest per municipality is permitted. An Expression of Interest may contain only one project. Projects must be completed by December 31, 2014. Applicants will be notified of the results of the pre-screening process in early 2013. Applicants that pass the pre-screening process will be given the opportunity to submit a full application.

### **Readiness of the Asset Management Plan**

Municipal Council supported the creation of a separate Corporate Asset Management Division and funding for consulting support for the first three units of their work plan towards assembling the complete asset management plan. Funding for the fourth unit was recommended by the Finance & Administrative Services Committee in November and is expected to be approved by Council on December 11. Continued support from Council will result in completion of the first corporate asset management plan by July 2013.

### **Selected Project**

Civic Administration selected a combined wastewater and water project, east of Wellington Road, between the Thames River and Baseline Road. This area has a number of combined sanitary and storm sewers. Construction of separate storm and sanitary sewers will effectively reduce the volume of storm drainage diverted to the sanitary sewer system and reduce overflows to the ground (roadway or property). Increased volumes in the sanitary sewer system result in a high volume of flows to the pollution control plant and in some heavy storm conditions, discharges into the Thames River. The environmental health of the Thames River will be improved with this project. The watermains in this area have surpassed their useful life and will also be replaced. This project will be completed in 2014.

Civic Administration will bring forward updates on the application process and approvals including any required resolutions and by-laws to support the MIII Capital Program.

This report was completed with the assistance of Rick Brown, Manager, Division Manager, Planning, Environmental & Engineering Services Support, and Ugo DeCandido, Environmental Services Engineer, Wastewater & Drainage Engineering.

<b>Prepared By:</b>	<b>Reviewed and Concurred By:</b>
<b>Alan Dunbar Manager – Financial Planning and Policy</b>	<b>John Braam, P.Eng. Managing Director, Environmental &amp; Engineering Services and City Engineer</b>
<b>Recommended By:</b>	
<b>Martin Hayward City Treasurer, Chief Financial Officer</b>	