



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Don Giberson, Environmental Services Director**
Date: March 5 2018
Report: ESD.18.06 Budget Amendment
Subject: Unsuccessful 2017 OCIF Top-Up Grant Funding Application for Huron Street East Reconstruction Project

Recommendations:

That South Huron Council receive the report from Don Giberson, Environmental Services Director RE: Unsuccessful 2017 OCIF Top-Up Grant Funding Application for Huron Street East Reconstruction project, AND;

That South Huron Council authorizes a 2018 budget amendment to transfer an additional amount of \$437,889 from the Transportation Capital Replacement Reserve; \$262,733 from the Water Capital Replacement Reserve and \$175,156 from the Sewer Capital Replacement Reserve to offset the loss the OCIF grant funding for the Huron Street East Reconstruction project.

Purpose:

The purpose of this report is to advise Council of the unsuccessful application for funding under the 2017 Ontario Community Infrastructure Fund Top-Up Grant Funding program for the Huron Street East Reconstruction project and to obtain approval for a budget amendment to transfer additional funds from the capital replacement reserves to make up the funding shortfall due to the loss of the grant funding.

Background and Analysis:

On September 27, 2017, after selection by Council as the top priority project, an application was submitted to the Ontario Community Infrastructure Fund (OCIF) Top-Up grant program for the Huron Street East Reconstruction project (Edward Street to East town limit).

On February 15, 2018 the Ministry of Agriculture, Food and Rural Affairs notified the Municipality that we were unsuccessful in our grant application for this project under the OCIF Top-Up grant program. This results in a loss of **\$875,778** in grant funding.

The Huron Street Reconstruction project is fully engineered, all approvals are in place and it's ready to go to tender. Hydro One is nearing completion of hydro system upgrades on Huron and Edward Street in preparation for this project. Huron Street East from Edward to East town limit remains our highest priority project. Delaying or deferring the project will increase our infrastructure deficit and increase our costs, as this asset continues to deteriorate.

However, in order for the project to proceed as originally planned, additional funding is required to offset the loss of OCIF grant funding. Additional funds are required to be transferred from the Capital Replacement Reserves in the amount of \$437,889 for roads & storm sewers, \$262,733 for watermains and \$175,156 for sanitary sewers.

Operational Considerations:

Three options were considered. The first was to defer the project until 2019. The second option was to split the project into two phases and construct the project over the next two years (2018/2019). Both of these options were rejected, due to concerns regarding severely deteriorated condition of the existing infrastructure, increased maintenance costs and anticipated increases in future capital costs. Delaying the project results further deficits in the Municipal Asset Management Program.

The third option was to proceed with the project as originally planned and use additional funds from the Capital Replacement Reserves to make up the short fall created by the loss of the OCIF grant funding. This is the option selected by Staff as being in the best interests of the Municipality.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

Increased Communications and Municipal Leadership

Transparent, Accountable and Collaborative Governance

Dedicated Economic Development Effort

Financial Impact:

The estimated cost of the Huron Street East Reconstruction project (Edward Street to Est town limit) is approximately \$2,070,000. The original approved budget identified funding in the amount of \$276,901 from the tax levy; \$162,267 from user fees; \$875,778 from an OCIF grant and \$775,054 from capital replacement reserves.

An additional \$875,778 is required to be transferred from the capital replacement reserves (ie. \$437,889 from Roads; \$262,733 from Water; and \$175,156 Sewers).

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

1. South Huron Asset Management Program
2. South Huron Capital Budget (Five Year Forecast)
3. BM Ross Roads Management Study - 2015

Consultation:

Manager of Financial Services/Treasurer

Water/Sewer Foreman

Chief Administrative Officer

Related Documents:

Correspondence from the Minister of Agriculture, Food and Rural Affairs and the Minister of Infrastructure dated February 15, 2018.

Respectfully submitted,

A handwritten signature in black ink, enclosed in a light grey rectangular box. The signature is stylized and appears to read 'Don Giberson'.

Don Giberson, Environmental Services Director