



## TOWN OF MINTO

**DATE:** September 1, 2017

**REPORT TO:** Mayor and Council

**FROM:** Bill White, C.A.O. Clerk & Gordon Duff Treasurer

**SUBJECT:** Ontario Community Infrastructure Fund Top Up

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### STRATEGIC PLAN:

- 5.1 Actively seek out Federal and Provincial grants and revenue-sharing programs, and promote sustainable and equitable funding programs that require a minimal amount of reporting and promote local autonomy.
- 5.3 Ensure financial plans to include a blend of capital financing methods including long-term debt, user fees, grants, internal reserves and taxation, and maintain reserves to the point where Minto reduces reliance on borrowing or tax increases to finance major capital expenditures.

### BACKGROUND

August 2014 Ontario announced a \$100 million annual Ontario Community Infrastructure Fund (OCIF) with both *merit-based* and *formula-based* components. The Province advises OCIF will grow to \$300 million per year for 2019 and beyond. Minto's *formula-based* funding was \$130,000 in 2015 – 2016 and \$223,161 in 2017. In 2018 the amount grows to \$315,205 and \$476,143 in 2019 and beyond.

The following are approved OCIF *merit based* projects since program announcement:

- 2015 Bride Road Culvert \$454,444 funding for the \$652,000 project completed by Reeves Construction under budget.
- 2016 Jane & Inkerman Palmerston \$1,300,000 funding for \$2,090,000 project nearing completion by Hanna & Hamilton (includes added Town share for sewer work).

The attached letter confirms the Town is eligible for \$1,208,652 OCIF Top-up funding by applying before September 27, 2017. Eligibility for the 2017 intake is targeted to communities whose formula-based grants in 2018 and 2019 add up to a combined total of less than \$2 million (Minto total \$791,348). Eligible communities with critical infrastructure projects may submit proposals to the new top-up component to bring their total OCIF funding up to \$2 million over 2 years. The Town is eligible for up to 90% of a project's total eligible cost, to a maximum of \$1,208,652.

### COMMENTS

Based on the criteria for the OCIF top up program, the Town should select a project that has a critical health and safety aspect, is identified in the comprehensive asset management plan and there is a demonstrated need for funding.

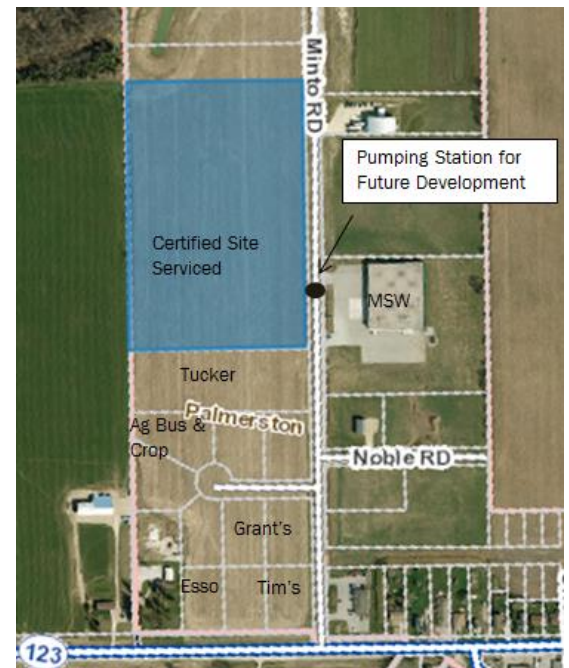
At 90% the Town could receive full funding for a project that was \$1,342,947. Staff met with Triton Engineering to discuss eligible projects and the following were identified for Council consideration:

• Brunswick Street Palmerston Lift Structure, Culvert	\$2,500,000
• Structures A, B, C and D Minto Normanby Townline	\$1,470,000
• 12 <sup>th</sup> Line Reconstruction O'Dwyer's to CR 6	\$ 750,000
• Queen Street North Harriston	\$1,330,000
• Queen Street Palmerston	\$2,000,000
• Palmerston Sewage Plant Upgrades	\$1,500,000

Two projects not listed are the Minto Road Lift Station (\$750,000 plus) in the Palmerston Industrial Park and John Street reconstruction in the Harriston Industrial Park (\$1,020,000). It is felt these projects may be more suited to the Clean Water and Wastewater Fund (CWWF). Park Street in Clifford (\$752,000) is a project identified for 2020 and would be a lower priority since OCIF top up funding is for work to be finished in 2019.

The Brunswick Street project in Palmerston includes a lift station to take about 20 homes off private sewage pumps and septic, a major culvert crossing, and road and servicing work on Nelson Street. This project has not been successful in two applications under the former Small Communities Fund. It is a strong project for OCIF Top Up, but the Town would need to fund 50% within the 2018 and 2019 budget year (\$1.2 million). Adding that to the potential \$2 million in borrowing for Clifford Elora Street is a concern in 2018. One option is to split the work into two projects completing part under OCIF Top Up and the rest under CWWF. This would maximize grant amount and minimize Town contribution.

Reconstructing the Minto Normanby Townline and associated structures is a priority but the project is a boundary Road with West Grey. The road has a condition rating of 5 and



links Grey Road 3, Ayton Road and Grey Road 10 to Neustadt and Hanover. These are four of the poorest culvert structures in the municipality, but West Grey has advised this project is not on their list for OCIF this year. Staff suggests this project remain a priority for 2019 budget and a future joint application with West Grey.

12<sup>th</sup> Line reconstruction was deferred from the 2017 capital budget. The road is heavily used by gravel contractors and has several winding bends that are safety concerns. Two family members on the road asked Council to look at improvements this year. Some resurfacing work was done this summer but full reconstruction is warranted. It may be a project for the annual asphalt work like the 3 km of work on 16<sup>th</sup> Line under way now.

Queen Street North in Harriston is one of the poorest roads in the municipality. Water and sewer infrastructure is slated for replacement. This project was set for 2018 in this year's budget. The project amount is right within the maximum grant allocation.

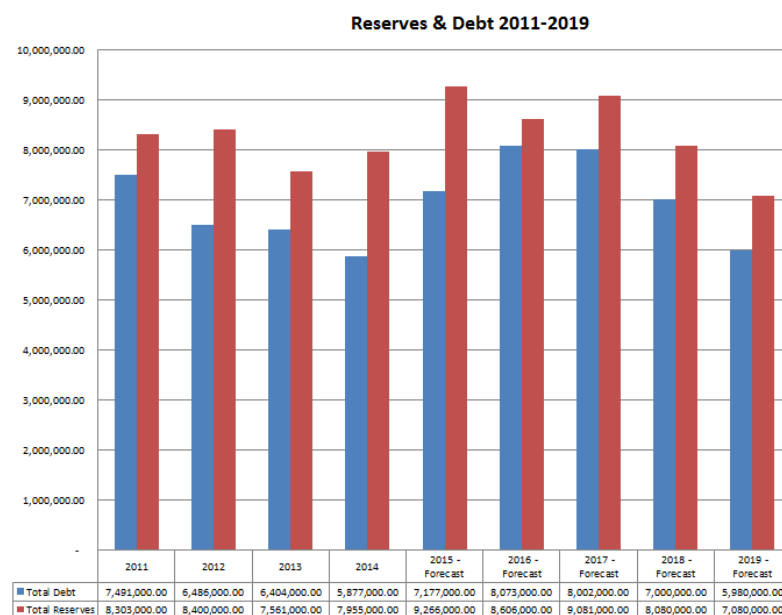
Queen Street in Palmerston was identified by a neighbour as a safety concern due to lack of sidewalks. In ground infrastructure will soon need replacement, and could be enhanced to open lands at the south end of Palmerston for development.

Palmerston Sewage Plant upgrades are needed to address aging equipment. The age and condition of the existing clarifier is a concern, and a second clarifier may be required to increase redundancy and assist with future upgrades. The Wastewater Foreman brought forward information on the need for some work, and continues to identify priority items and a phasing program working with Triton. County growth forecast project between 25 and 32 homes per year in Minto urban areas, including over 630 homes in Palmerston in 25 years. As stated to Council during review of the County forecasts, on-going improvement to inflow and infiltration at the waste water plant as well as upgrades to increase capacity will be needed to support this kind of growth. The annual budget includes some funding for repairs to major items on an on-going basis, but these do not increase plant capacity. A future CWWF application is warranted to address both aging equipment and plant capacity.

#### FINANCIAL CONSIDERATIONS:

The Town's Fiscal Accountability Policy states that reserves retained not exceed debt unless funding specific grant programs. This chart illustrates Reserves and Debt 2011-2019.

Since 2012 the Town spent \$23.17 million on capital, or about \$4.6 million



per year. The asset management plan calls for expenditures between \$2.6 and \$6 million annually to maintain existing assets. Annual depreciation on the gross “book value” of our tangible assets (\$68 million) is \$2.8 million. The 2017 capital budget is just over \$6 million.

**RECOMMENDATION:**

That Council receives the report from the Treasurer and C.A.O. Clerk September 1, 2017 report regarding Ontario Community Infrastructure Fund Top Up Funding, and that Council select one of the projects identified for submission under the program.

Gordon Duff, Treasurer

Bill White, CAO/Clerk