


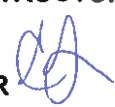

TO: GENERAL COMMITTEE

SUBJECT: MUNICIPAL INFRASTRUCTURE INVESTMENT INITIATIVE
CAPITAL PROGRAM - EXPRESSION OF INTEREST

**PREPARED BY AND
KEY CONTACT:** K. OAKLEY, P. Eng.
INFRASTRUCTURE PROGRAM ENGINEER (Ext. 4451) 

SUBMITTED BY: B. G. PARKIN, P. Eng.
INTERIM DIRECTOR, CORPORATE ASSET MANAGEMENT 

**GENERAL MANAGER
APPROVAL:** R. W. MCARTHUR, P. Eng.
GENERAL MANAGER OF INFRASTRUCTURE, DEVELOPMENT & CULTURE 

**CHIEF ADMINISTRATIVE
OFFICER APPROVAL:** CARLA LADD
CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That based on funding program project eligibility guidelines and criteria, as well as the City's Asset Management Strategy and capital plan prioritization criteria, an Expression of Interest (and if successful in the Expression of Interest, a full application), for the Dymont's Creek Outlet to Kempentfelt Bay project be submitted to the Ministry of Transportation and Infrastructure for funding under the Municipal Infrastructure Investment Initiative Capital Program.
2. That Blaine Parkin, Director of Corporate Asset Management, be authorized to bind the Corporation and sign the declaration in Section 10 of the Expression of Interest template, attached as Appendix "A", which states:

I certify that:

- *The information in the Expression of Interest is factually accurate; and*
- *The municipality or LSB has a comprehensive asset management plan that includes all of the information and analysis described in the **Building Together: Guide for Municipal Asset Management Plans** in place; or*
- *The municipality or LSB is committed to developing a comprehensive asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** by December 31, 2013.*

I have the authority to bind the municipality/LSB.

3. That if the City is successful in receiving funding through the Municipal Infrastructure Investment Initiative Capital Program, the Mayor and Clerk be authorized to execute any associated documents and agreements.

PURPOSE & BACKGROUND

4. The Province of Ontario announced the Building Together: Municipal Infrastructure Strategy (Building Together) in August 2012. The primary goals of this first phase of Building Together include:
 - Making good asset management planning universal;
 - Moving toward optimal use of a full range of infrastructure financing tools;
 - Addressing the structural challenges facing smaller communities.

5. Asset management will be the foundation of the strategy as the Province moves towards standardization and consistency in municipal asset management. The Province has stated that improved asset management is a prerequisite for a productive discussion about solutions, including permanent funding for municipal infrastructure. The strategy will be guided by the following principles:
 - Municipalities are the stewards of the infrastructure they own. The Province and the Federal Government have an obligation to help municipalities address infrastructure challenges;
 - Comprehensive asset management plans should guide investment decisions;
 - Those who benefit directly from municipal infrastructure should pay for the service, wherever feasible;
 - Opportunities should be pursued to provide infrastructure more efficiently by forging partnerships with other communities or consolidating services where possible;
 - Maintaining roads, bridges, water, wastewater and social housing should be a top priority;
 - Some communities face unique challenges that require tailored solutions; and,
 - Infrastructure Ontario and the private sector can help address municipal infrastructure challenges.
6. In Building Together, the Province stated that any municipality seeking provincial infrastructure funding must demonstrate how its proposed project fits within a detailed asset management plan. This will help ensure that limited resources are directed to the most critical needs. Also, as stated in the program guide, and as a condition of future provincial infrastructure funding, municipalities will be required to demonstrate that a full range of available financing and revenue generation tools has been explored.
7. Funding the development of asset management plans, as well as the critical renewal needs identified through the plans, is also a primary focus of the Building Together strategy. The first piece of the Municipal Infrastructure Strategy is the Municipal Infrastructure Investment Initiative (MIII). The Province will be investing \$60 million in funding over three years to help municipalities identify and prioritize their infrastructure needs and fund critical projects.
8. As previously mentioned, municipalities will be required to complete detailed asset management plans to accompany any request for provincial funding. To assist small municipalities that may have limited financial capacity to undertake asset management planning, the Province has made up to \$8.25 million for asset management available through the MIII – Asset Management program. The City of Barrie was not eligible for this funding as it is intended for small municipalities and Local Services Boards with water/wastewater systems in Northern Ontario.
9. In addition, \$750,000 over three years will be made available through the MIII – Social Housing Program. This funding is only for Consolidation Municipal Service Managers (Service Managers) who are responsible for a small number of social housing units to support asset management planning of their social housing stock.
10. In November 2012, the Province announced details of the next phase of the MIII, referred to as the Capital Program. Through the MIII Capital Program, up to \$51 million will be made available to address critical needs, for example road, bridge, water and wastewater projects identified through asset management plans. Funding will be targeted to municipalities that are unable to pay for proposed projects without provincial assistance
11. Applications for funds through the \$51 million MIII Capital Program will follow a two part process, where Expressions of Interest (EOI) are pre-screened. Only applicants whose EOI and proposed project show high potential for alignment with the objectives of the MII Capital Program will be invited to submit a follow up application.

12. The EOI due date is January 9, 2013. Each municipality is limited to submitting an EOI for only one project, for a maximum of \$2 million (or up to 90% of the total project costs). Projects must be completed by December 31, 2014.

ANALYSIS

13. Both the EOI pre-screening process and the application process will consider three areas: 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. The level of information required in each phase of the application process is described below:

	Pre-Screen (EOI)	Application
Asset Management Planning	Commitment to/progress toward comprehensive asset management planning	Completeness of asset management plan (measured against Building Together: Guide for Municipal Asset Management Plans)
Criticality of Project	Preliminary evidence of health and/or safety problem	Detailed technical information regarding urgency of the health and/or safety problem and the proposed project
Fiscal Situation	Applicant's general fiscal circumstances	Municipality's or LSB's need for provincial assistance and efforts to make full use of all available local infrastructure financing tools

14. In 2011, staff completed the first update to the City's five (Transportation, Facilities, Fleet, Environmental and Recreation & Culture) Asset Management Plans. These combine to produce the City's Corporate Asset Status Report which outlines the state of the City's assets that have a value of approximately \$3.3 billion.
15. A sixth Asset Management Plan was created in 2012 for the City's 93 storm water management facilities. In addition, the second phase of asset management planning for the City's fleet assets was undertaken, through the Fleet Asset Management Optimization and Utilization Study.
16. By building on PSAB 3150 data, using a risk analysis approach and lifecycle costing analysis, the fundamentals of Barrie's Asset Management Plans appear to align with the Province's expectations, as published in a Guide for Municipal Asset Management Plans, and Asset Management Toolkit to accompany the Municipal Infrastructure Strategy. This alignment will be outlined in the City's EOI, and copies of relevant documents will be attached to supplement the EOI application form.
17. Despite the level of information that exists within the City's current Asset Management Plans, as well as the Asset Management Strategy and Asset Management Policies, Framework and Business Processes documents, there is more work to be done to continue to move forward with implementing the recommendations in the these documents, and also to keep the documents relevant as more and better data becomes available about our assets. Evolution of Asset Management Plans is considered best practise, and they are intended to be continually updated as they are living, breathing documents.

18. Eligible project types under the funding program include roads, bridges, water or wastewater (sanitary or storm water) infrastructure. A high level review of these project types against the evaluation criteria is summarized in the following table:

Criteria	Roads	Bridge	Water	Wastewater (sanitary)	Wastewater (storm)
Asset Management Planning	AMP exists	AMP exists	AMP exists	AMP exists	AMP exists
Criticality of Project (Health & Safety)	Difficult to demonstrate health and safety issue	Failure of a bridge would create a H&S risk	Water quality; fire flow issues	Spills as a risk to H&S	Flooding as a risk to H&S
Fiscal Situation	Tax capital reserve balance is low	Tax capital reserve balance is low	Water reserve fund - moderately healthy	Wastewater reserve fund is negative (\$19 million)	Tax capital reserve balance is low

19. Asset Management Plans exist for all of the project types, and so they were considered equal in terms of applicability to the funding criteria. Given that there are no known health and safety issues currently associated with the City's roads or bridges, the water and wastewater project types were the focus of further review. Projects that are included in the draft 2013 Capital Plan were given primary consideration for a number of reasons. The City's comprehensive capital planning process compares the needs across all asset classes, and the resulting draft 2013 Capital Plan includes the most critical needs that exist in the City. The required completion date of eligible projects is December 31, 2014, and therefore projects that are construction ready for 2013 are the best fit. Finally the City's financial situation does not lend itself to the addition of new projects to the Capital Plan. Following the review of the 2013 Capital Plan, several projects were considered to meet the criteria for this funding program:

Criteria	BBP Road Transmission Water main – SWTP to Sandringham	Inlet Works Screen Installations (WWTF)	Dyments Creek Outlet to Kempenfelt Bay	SWM Pond Rehabilitation Bear Creek 8a and 8b	Sunnidale Road Water main – under Highway 400
Asset Management Planning	●	●	●	●	●
Criticality of Project (Health & Safety)	◐	◐	●	◐	◐
Fiscal Situation	◐	●	●	●	◐
Included in draft 2013 Capital Plan	●	●	●	●	◐
Gross Cost (ability to maximize grant amount of \$2 million)	◐	●	●	◐	◐
Complete by Dec 31, 2014	●	●	●	●	◐

20. The Dymment's Creek outlet project is the best fit with the funding program criteria. The City of Barrie Wastewater Treatment Facility (WwTF), which is located partially in the Dymment's Creek watershed at the outlet to Kempenfelt Bay, is vulnerable to flooding impacts from Dymment's Creek. The proposed conveyance improvements downstream of Bradford Street which includes both watercourse and culvert improvements under Lakeshore Drive will convey the Regional Storm event and significantly reduce the potential for flooding at the WwTF and associated plant operational impacts, such as sewage spills and treatment by-pass, which would affect public health and safety as well as the water quality in Lake Simcoe.
21. Reconstruction of the Dymment's Creek outlet to Kempentfelt Bay is included in the 2013 Capital Plan as part of the Lakeshore Drive Realignment and Centennial Park Improvements Project. The existing Dymment's Creek culvert extending under Lakeshore Drive and through the park to Kempenfelt Bay will be replaced with a larger culvert under the new Lakeshore Drive alignment and a natural channel through the parkland to Kempenfelt Bay. In addition, Dymment's Creek channel immediately upstream will be widened and improved. The project will increase the flow capacity of Dymment's Creek through this area, thereby reducing the risk of flooding at the WWTF as described above.

22. The Tax Capital Reserve is used to fund the portion of capital projects that is not eligible for development charges, grants, or user rate funding. There is a direct connection between annual amortization and contributions to reserves, as amortization reflects the amount that an asset is used in a year and the contribution to reserve is a savings plan with the objective of having sufficient funds available when it comes time to replace that asset. As such the City's financial policies include a commitment to a 12 year phase in plan to ramp up contributions to reserves until they are equal to annual amortization. However even this contribution will be only a portion of what is required to replace assets when they expire. In addition, the City faces a backlog of renewal and replacement needs, other pressures from an additional capacity perspective, and the need to fund Council's vision for the City through the Strategic Plan. The current funding model is not sustainable.
23. The Big Bay Point Road transmission watermain from the Surface Water Treatment Plant to Sandringham is required to provide redundancy in terms of an outlet from the Plant to the distribution system. While this is important in terms of delivering potable water and proving sufficient water to fight fires, there is no imminent risk to the existing outlet which was constructed within the last five years. While the Water Reserve Fund isn't at the level that it should be to be considered sustainable, it is healthier than the Tax Capital Reserve and Wastewater Reserve Fund.
24. Installation of Inlet Screen Works at the WwTF will filter the sewage flowing into the Plant, prior to it encountering the raw sewage pumps. This will result in less burden on the raw sewage pumps, and therefore less risk of them failing prematurely, and potentially resulting in a sewage spill. This issue is important from a health and safety perspective, however the risks are not considered as critical as those associated with flooding of the WwTF. The Wastewater Reserve Fund has a negative balance, putting the City in a position where wastewater projects must be funded through debt or alternative arrangements.
25. The rehabilitation of storm water management ponds Bear Creek 8a and 8b is required to reduce localized flooding and erosion issues which are damaging the environment around the ponds. The primary benefits to this project are environmental in nature, rather than health and safety related. The Tax Capital Reserve is the funding source for this project, and not at a level that is considered sustainable.
26. Construction of a transmission watermain to connect the Sunnidale Reservoir to the distribution network downtown and in the east end of the city, is necessary to provide potable water and to improve fire flow. This issue is important from a health and safety perspective, however the risks are not considered as critical as those associated with flooding of the WwTF. While the Water Reserve Fund isn't at the level that it should be to be considered sustainable, it is healthier than the Tax Capital Reserve and Wastewater Reserve Fund.
27. In addition to the information provided in the EOI, Financial Information Returns (FIR) will be used to help the Province assess the fiscal situation of the applicants.

ENVIRONMENTAL MATTERS

28. There are no direct environmental benefits associated with this funding program. There are significant environmental impacts related to completion of the proposed project, including flood proofing the City's WwTF.

ALTERNATIVES

29. The following alternative is available for consideration by General Committee:

Alternative #1 General Committee could direct staff not to submit any applications under the Mill Capital Program.

This alternative is not recommended as it would preclude the City from benefiting from a grant.

FINANCIAL

30. In the absence of grant funding contributions through the Mill Capital Program, the project would otherwise be funded through the Tax Capital Reserve, Development Charges and Federal Gas Tax (FGT) (subject to council approval of the 2013 Business Plan), as described in the table below:

Project Component	Construction Year in 2013 Capital Plan	Gross Cost	Development Charges	Federal Gas Tax	Tax Capital Reserve
Culvert (D2)	2013	\$3,830,000	\$1,204,305	\$2,100,556	\$525,139
Channel (D1)	2014	\$405,000	\$127,348		\$277,652
Total		\$4,235,000	\$1,331,653	\$2,100,556	\$802,791

31. Based on the gross cost of the work, the City would apply for the full \$2 million in grant funding. Assuming the City is successful in obtaining the full amount of this funding contribution through the Mill Capital Program for the Dymont's Creek outlet project, portions of the FGT and Development Charges funding, and all of the Tax Capital Reserve funding would be offset by the grant, and the funding would be as shown in the table below:

Project Component	Construction Year in 2013 Capital Plan	Gross Cost	Mill Grant	Development Charges	Federal Gas Tax	Tax Capital Reserve
Culvert (D2)	2013	\$3,830,000	\$2,000,000	\$575,425	\$1,254,575	\$0
Channel (D1)	2014	\$405,000		\$127,348		\$277,652
Total		\$4,235,000	\$2,000,000	\$702,773	\$1,254,575	\$277,652

32. The maximum benefit that the City would derive from a \$2 million grant on this project would be made up of \$628,880 in Development Charges, \$525,139 in Tax Capital Reserve and \$845,981 in FGT. The Development Charges and Tax Capital Funds would remain in the reserves to be allocated to other projects. The allocation of the FGT would be reviewed with the following options in order of priority:
- a) Allocation towards other projects within the 2013 Capital Plan (e.g. Bunker's Creek outlet, which is also a part of the Lakeshore Drive project);
 - b) Debt avoidance (e.g. Landfill reengineering); and,
 - c) Allocation to projects within the 2014 Capital Plan.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

33. The recommendations included in this Staff Report are not specifically related to the goals identified in the 2010-2014 City Council Strategic Plan.

APPENDIX "A"

Expression of Interest Template



**Municipal Infrastructure Investment Initiative
Capital Program – Expression of Interest**

On August 16, 2012, the Province of Ontario launched the Municipal Infrastructure Investment Initiative (MII) as part of the Municipal Infrastructure Strategy. Through the MII Capital Program, up to \$51 million will be made available to address necessary road, bridge, water and wastewater projects identified as top priorities through comprehensive asset management plans. Funding will be targeted to municipalities and Local Services Boards (LSBs) that are unable to pay for proposed projects without provincial assistance.

Ontario municipalities and LSBs that own roads and/or bridges and/or water systems and/or wastewater systems are eligible. In addition, municipalities that have not done so already must submit their 2011 Financial Information Return to the Ministry of Municipal Affairs and Housing by January 9, 2013.

The MII Capital Program includes both a pre-screening and an application process. To begin, municipalities and LSBs may submit this Expression of Interest form for pre-screening. Completed expression of interest forms must be submitted by 5 p.m. EST on January 9, 2013. Municipalities and Local Services Boards that pass the pre-screening process will be given the opportunity to submit a detailed application.

For more information, see the Municipal Infrastructure Investment Initiative Capital Program manual and Building Together: Guide for Municipal Asset Management Plans.

If submitting this form by email, please save the completed form to your desktop and send as an attachment to mii@ontario.ca

If submitting by mail please print the completed form and send to:

Municipal Infrastructure Investment Initiative Secretariat
c/o Rural Programs Branch
Ontario Ministry of Agriculture, Food and Rural Affairs
1 Stone Road West, 4th Floor
Guelph ON N1G 4Y2

<http://www.ontario.ca/municipalinfrastructure>

Please fill in all fields on this form that apply to your municipality or LSB.

Section 1 – Municipality/LSB Contact Information

Municipality/LSB Name*

Authorized Contact

Last Name		First Name	Middle Initial
Position	Telephone Number	Email Address	

*Note if this is a joint project, please include all municipalities and LSBs that are part of the project, but only the contact information for the lead municipality/LSB.

Mailing Address

Unit Number	Street Number	Street Name	PO Box
City/Town		Province	Postal Code

Section 2 – Project Information

Project Name

Project Type (road, bridge, water or wastewater)

Project Financial Information

Total Project Cost	Amount of Provincial Funding Request
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Section 2 – Project Information (Cont'd)

List the sources of financing for the project other than the provincial funding requested.

Funding Source	Amount

Project Location			
Unit Number	Street Number	Street Name	PO Box
City/Town		Province	Postal Code
Latitude		Longitude	

Section 3 – Asset Management Planning

Please describe your municipality's or LSB's progress to date toward completing a comprehensive asset management plan according to the key elements outlined in *Building Together: Guide for Municipal Asset Management Plans*. Where possible, please provide supporting documentation.

State of local infrastructure

Expected levels of service

Asset management strategy

Financing strategy

Please explain in detail your community's workplan for completing a comprehensive asset management plan according to the key elements outlined in *Building Together: Guide for Municipal Asset Management Plans*.

State of local infrastructure

Expected levels of service

Asset management strategy

Financing strategy

Section 4 – Problem Description

The problem description should clearly describe the public health and/or safety problem arising from the current situation and the impact of the problem on the municipality or LSB (e.g., number of people affected).

Section 5 – Project Description

The project description should outline the scope of the project.

Section 6 – Project Rationale

Please describe how the project would reduce or eliminate the public health and/or safety problem.

Section 7 – Project Readiness

Describe your workplan to complete the project by Dec. 31, 2014, including obtaining any necessary approvals (e.g., Environmental Assessment).

Section 8 – Alternative Options Considered

Please describe other options considered to address the problem.

Section 9 – Funding Need

Explain why your municipality or LSB requires the amount of provincial funding requested above and why it cannot implement the project on its own.

Section 10 – Declaration

Each Expression of Interest must be accompanied by a declaration. For municipalities, the declaration can be made by a resolution or letter from municipal council. For LSBs, the declaration must be made by resolution from the LSB board.

I certify that:

- the information in the Expression of Interest is factually accurate; and
- the municipality or LSB has a comprehensive asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** in place; or
- the municipality or LSB is committed to developing a comprehensive asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** by December 31, 2013.

I have the authority to bind the municipality/LSB.

Full Name (Last name, first name)	Position	Date (yyyy/mm/dd)
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If submitting an electronic copy of the resolution or by-law, please attach this document to the email submitted.

Section 11 – Submission

Expressions of Interest must be received by 5 p.m. EST on January 9, 2013.

Questions? Call 1 888 588-4111 or send an email to miil@ontario.ca.

Mailing address:

Municipal Infrastructure Investment Initiative Secretariat
c/o Rural Programs Branch
Ontario Ministry of Agriculture, Food and Rural Affairs
1 Stone Rd West, 4th Floor
Guelph ON N1G 4Y2

Section 12 – Documents Submitted With This Expression of Interest

Please outline any files or documents (e.g., asset management plan) you will be submitting along with this Expression of Interest.

If you are submitting this form by email, write a description of the file's contents to the left and indicate the file name or hyperlink to the right.

Attach all documents to the same email as this form.

If you are submitting this form by mail, simply write a description of each document you are submitting along with this Expression of Interest, in the left-hand column.

Description of File or Document Attached	File Name or Hyperlink
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