

STAFF REPORT: **Finance Department**



REPORT TO: **Council**
MEETING DATE: **November 10, 2008**
REPORT NO.: **FS.08.51**
SUBJECT: **Building Canada Fund-
Communities Component –
Preferred Project Clarksburg Water
and Wastewater Servicing**
PREPARED BY: **Ruth Prince, Manager of Revenue
Reg Russwurm, Director of
Engineering and Public Works**

A. Recommendations

THAT Council does receive Staff Report FS.08.51, “Building Canada Fund – Communities Component – Preferred Project Clarksburg Water and Wastewater Servicing” for information purposes; and

FURTHER THAT Council endorse the submission of an application of Clarksburg Water and Wastewater Servicing as the highest priority under the Building Canada Fund – Communities Component.

B. Background

The Program

The Governments of Canada and Ontario have each committed \$362 million towards the Building Canada Fund – Communities Component through to 2014. For Intake One, there will be \$100 million available from both the federal and provincial governments for a joint investment of \$200 million. In most cases, applicants will match federal and provincial contributions on a one-third cost share basis. There is no minimum or maximum funding cap per project and only municipalities with a population of less than 100,000 can submit one application. The deadline for applications under Intake One is Friday November 21, 2008 and the project must be completed no later than March 31, 2016.

There are 17 eligible categories

- Drinking water
- Wastewater
- Public transit
- Green energy
- Disaster mitigation
- Solid waste management
- Culture
- Sport
- Connectivity
- Local Roads
- Core National Highway System

- Short-sea shipping
- Local and regional airports
- Tourism
- Brownfields redevelopment
- Capacity building projects

Projects will be selected for funding through a competitive, merit-based application process. Applicants must provide a strong business case to show how their proposed project meets or supports provincial policy objectives and plans. Applicants are also encouraged to demonstrate how projects support their broader asset management plans and that projects are sustainable in regards to how they are planned, designed, constructed, operated, maintained and managed.

Projects will be evaluated on the extent to which they meet Ontario priorities of environmental, better health, economic development, and quality of life objectives.

Staff recommends the Clarksburg Water and Wastewater Servicing project as the project to be submitted Building Canada – Communities Component.

Rationale for choosing Clarksburg Water and Wastewater Servicing Project

The residences of Clarksburg are currently serviced by individual water wells and a mix of septic systems and holding tanks. A field survey in 2004 revealed that around one third of the water wells exhibited adverse water quality. That figure is expected to increase as the well and septic systems age. There is limited opportunity to relocate wells and install new septic systems given the size of the lots and the downtown / residential land uses.

The Town for many years has been trying to find a solution to provide municipal servicing to Clarksburg yet has not been able to find a solution that can be considered in any way affordable to the Town and the community residents. Financial assistance is greatly needed from senior levels of government.

In addition to the obvious health effects related to a third of water wells in the community demonstrating contaminated water quality, the failing septic systems also negatively affect the Beaver River which flows through the community. The river is a cold water fishery favoured by salmon and trout. The detrimental environmental affect of not fully treated septic effluent reaching the river unduly taxes the river to assimilate this pollution. The river discharges into Georgian Bay, a few kilometres downstream near the Town's intake for the Water Treatment Plant.

The Town has continued to refine the design options to mature a solution that can be readily implemented when financing opportunities become available. A Conceptual Design Report was prepared during 2008 and presented to the residents to outline the status of the project and expected costs.

Without assistance from the senior levels of government, the servicing of Clarksburg will simply not go ahead. Based on the conceptual capital cost of \$15,900,000 each of the benefiting properties will bear a cost in the range of \$51,000 without upper tier funding. Although the Town is able and keen to provide some funds to help offset the costs to the residents, the resources of the Town are limited. In May 2008, the Federal government committed almost \$5,000,000 to the project but the Town has been unable to secure matching provincial funding without which the

project is still unaffordable. The deadline for use of the current Federal funding is March 2011 which creates a tight timeline to accomplish such an ambitious project.

Given the significance that the Town has placed on servicing of Clarksburg, the tight timeframe to utilise the current Federal funding, the need for both Federal and Provincial funding to make this project affordable, the environmental and health benefits of removing failing wells and septic systems from use, and the ever increasing construction costs, Staff feel that the servicing of Clarksburg is a priority project and Intake One of the Building Canada Fund – Communities Component is an ideal opportunity to procure additional funding.

In preparation of this application, the Town is reviewing the conceptual design with Ainley and Associates to confirm the scope of the work and in particular, to obtain an updated cost estimate based on recent tender experience.

C. The Blue Mountains' Strategic Plan

2. Addressing the Town's municipal infrastructure needs
- 2.1 Identify existing deficiencies in the current municipal infrastructure

D. Environmental Impacts

Supporting environmentally sound decisions

E. Budget Impact

None at this time

F. Attached

1. Provincial Requirement Guidelines – Building Canada Fund – Communities Component

Respectfully submitted,

Signature

For more information, please contact:

Ruth Prince
rprince@thebluemountains.ca
519-599-3131 ext 228

Signature

For more information, please contact:

Reg Russwurm
rrusswurm@thebluemountains.ca
519-599-3131 ext 260

PROVINCIAL REQUIREMENT GUIDELINES

BUILDING CANADA FUND –
COMMUNITIES COMPONENT

PROVINCIAL REQUIREMENT GUIDELINES

1. PROGRAM OVERVIEW – INTAKE ONE

Through 2014, the governments of Canada and Ontario have each committed \$362 million toward the Building Canada Fund – Communities Component (BCF-CC) program, for a total joint investment of \$724 million. For Intake One, a \$100 million will be available from both the federal and provincial governments, for a joint investment of \$200 million. In most cases, applicants will match federal and provincial contributions on a one-third cost-share basis.

The deadline for eligible applicants to submit an application under Intake One of the program is Friday, November 21, 2008.

These guidelines are intended to help applicants understand the requirements of the BCF-CC and any requirements that are unique to Ontario. Applicants are encouraged to review the Building Canada Fund – Communities Component Agreement, which officially confirms the terms and conditions of the BCF-CC in Ontario.

ELIGIBLE APPLICANTS

Eligible applicants are:

- a local government (with a population of less than 100,000, as determined by Statistics Canada's Final 2006 census as of March 31, 2007) or a group of local governments that has applied for a contribution in support of a project under this agreement. First Nations are eligible if they are part of a group including at least one local government. "Local government" means the government of a single-tier, lower-tier or upper-tier municipality, established by or under Ontario provincial statute.
- a provincial entity, including the province of Ontario, that provides municipal-type services to communities pursuant to provincial statute. All statutory bodies in Northern Ontario can apply (e.g. Local Service Boards (LSBs), Local Roads Boards (LRBs) and District Social Service Administration Boards (DSSABs)).
- a public sector body that is established by or under provincial statute or by regulation or is wholly owned by a province or local government, and that provides municipal-type services in a given area.
- a private sector body, including not-for profit organizations, whose application is supported by a resolution of the council of the local government where the project is proposed to be located.

The infrastructure that is the subject of the application must be owned by the applicant(s). In the event of approval for funding by the BCF-CC, the funding recipient will retain title to, and ownership of, the infrastructure resulting from the project for at least 10 years after project completion.

INELIGIBLE APPLICANTS

Ineligible applicants include:

- local governments having a population of 100,000 or greater, as determined by Statistics Canada's Final 2006 census as of March 31, 2007
- departments, ministries and agencies of Canada
- federal or provincial departmental corporations or Crown corporations except per section 1.1b of the BCF-CC Agreement

2. PROJECTS

PROJECT-BASED PROGRAM

Projects will be selected through a competitive application-based process and will be evaluated on the extent to which they meet Ontario's priorities of environmental sustainability, better health, improved local and regional economic development and competitiveness, and better quality-of-life objectives.

As a part of the Project Justification and Business Case that applicants will submit with their application, applicants must describe how their proposed project meets or supports the provincial policy objectives and plans described here, as appropriate to the category. Applicants are also encouraged to demonstrate in their application how projects support their broader asset management plans and policies.

Some provincial plans and strategies to consider are:

- ReNew Ontario (<http://www.pir.gov.on.ca/english/infrastructure/renew.htm>)
- Provincial Policy Statement 2005 (<http://www.mah.gov.on.ca/Page1485.aspx>)
- Go Green Policy (<http://www.ene.gov.on.ca/publications/6445e.pdf>)
- Places to Grow (<http://www.placestogrow.ca>)
- Ministry of Environment Water Publications (<http://www.ene.gov.on.ca/en/publications/forms/index.php#PartWater>)
- Reserve Sewage System Capacity for Hauled Sewage policy (<http://www.ene.gov.on.ca/en/publications/forms/6316e.php>)
- Integrated Power System Plan (<http://powerauthority.on.ca/Page.asp?PageID=1224&SiteNodeID=320>)
- Greenbelt Plan (<http://www.mah.gov.on.ca/Page187.aspx>)
- Brownfields Ontario (<http://www.mah.gov.on.ca/Page220.aspx>)
- Northern Ontario Heritage Fund Corporation (http://www.mndm.gov.on.ca/nohfc/default_e.asp)
- Ministry of Natural Resources Water Management Legislation (<http://www.mnr.gov.on.ca/en/Business/Water/2ColumnSubPage/STEL02>)
- Toward Financially Sustainable Drinking-Water and Wastewater Systems (http://www.ene.gov.on.ca/envision/env_reg/er/documents/2007/Financial%20Plan%20Guideline%20-%20Aug%2015.pdf)

For further information, please visit:

<http://www.pir.gov.on.ca/english/index.html>

It's important that projects are sustainable in how they are planned, designed, constructed, operated, maintained and managed.

ELIGIBLE PROJECTS

To be eligible for funding, a project must:

- a) be submitted by an eligible applicant that demonstrates it will be able to operate and maintain the resulting infrastructure over the long term;
- b) fall within one of the applicable project categories, be consistent with the objectives of the category, meet one or more of the project outcomes of the category and meet the mandatory project criteria of the category;
- c) be for the construction, renewal, expansion, upgrade or material enhancement of infrastructure, excluding normal maintenance or operation;
- d) be supported by a Project Justification and Business Case, as part of the application, that is comprehensive, credible and feasible;
- e) be completed no later than March 31, 2016;
- f) be implemented in communities served by local governments with a population of less than 100,000 people, as set out in the Statistics Canada 2006 Census; and
- g) be duly authorized or endorsed by, as applicable;
 - i. in the case of a municipal applicant, a resolution of its council; or
 - ii. in the case of a non-governmental, not-for-profit or private sector body applicant, a resolution or endorsement of its board of directors and also by a resolution of the municipal council where the infrastructure is proposed to be located.

INELIGIBLE PROJECTS

The project will be deemed ineligible if:

- a) construction work has already begun before project funding approval by BCF-CC; or
- b) the project will be completed after March 31, 2016.

ELIGIBLE COSTS

Eligible costs will include the following:

- a) capital costs of acquiring, constructing or renovating a tangible capital asset, as defined and determined according to generally accepted accounting principles in Canada within one of the eligible infrastructure categories for Intake One;
- b) costs of joint communication activities (e.g. press releases, press conferences, translation) and road signage recognition;
- c) all planning (including plans and specifications) and assessment costs such as the costs of environmental planning, surveying, engineering, architectural supervision, testing and management consulting services, to a maximum of 15% of total eligible costs;
- d) costs of engineering and environmental reviews, including environmental assessments and follow-up programs as defined in the Canadian Environmental Assessment Act and the costs of

remedial activities, mitigation measures and follow-up identified in any environmental assessment;

- e) costs of project-related signage, lighting, project markings and utility adjustments;
- f) costs of Aboriginal consultation;
- g) costs of developing and implementing innovative techniques for carrying out the project;
- h) recipient audit and evaluation costs;
- i) other costs that, in the opinion of Canada and Ontario, are considered to be direct and necessary for the successful implementation of the project and have been approved by the BCF-CC in writing before being incurred; and
- j) project cost estimates may include a contingency of up to a maximum of 10%; however, only actual eligible costs will be reimbursed.

INELIGIBLE COSTS

The following costs are ineligible:

- a) costs incurred before the project receives funding approval;
- b) costs incurred after the project completion date;
- c) the cost of developing a business case, proposal and all associated schedules in the application for funding;
- d) the cost of purchasing land and associated real estate and other fees;
- e) financing charges and interest payments on loans;
- f) leasing land, buildings, equipment and other facilities;
- g) general repairs and maintenance of a project work and related structures, unless they are part of a larger capital expansion project tied to capital expansion;
- h) services or works normally provided by the recipient, incurred during implementation of the project, except those specified as eligible costs;
- i) the cost of any goods and services received through donations or in kind;
- j) employee wages and benefits, overhead costs as well as other direct or indirect operating, maintenance and administrative costs incurred by the recipient, and more specifically costs relating to services delivered directly by permanent employees of the recipient, or of a Crown corporation or corporation owned and controlled by the recipient or in cases where the recipient can demonstrate value for money and for which the costs are incremental;
- k) provincial sales tax and goods and services tax, for which the recipient is eligible for a rebate, and any other costs eligible for rebates; and
- l) legal fees.

NUMBER OF APPLICATIONS PER MUNICIPALITY

For Intake One, only one application can be submitted by, or on behalf of, each applicant. Only costs directly related to that project are eligible for funding.

If a municipality endorses an application on behalf of a private sector body, including a not-for-profit organization, the private sector body's application forms the municipality's sole application for Intake One.

The province will enter into a Contribution Agreement with the project applicant only.

RESOLUTIONS OF COUNCIL

Municipal councils must pass and submit a resolution endorsing the project as its Intake One BCF-CC application.

In the case of a non-governmental, not-for-profit or private sector body applicant, a municipal council resolution from the municipality in which the project will be located, indicating support for the project, is required.

For projects where the applicant has funding partners (joint municipal or public-private), a copy of a resolution and/or endorsement from each funding partner specifying the amount of its capital contribution is required.

3. COSTS

THE FEDERAL/PROVINCIAL CONTRIBUTION

Projects approved under the BCF-CC program will generally be cost-shared with two-thirds funding from Canada and Ontario. The grant recipient portion may include contributions from other municipalities and community organizations in the private and not-for-profit sectors. Applicants with approved projects are required to first incur eligible project costs and then submit claims to the province for reimbursement of eligible federal and provincial project costs.

FUNDING CAP

There is no maximum per project funding cap under the BCF-CC.

TENDERING

To promote competitiveness, a commercially and technologically neutral and competitive tendering and contracting process is required. All recipients will conduct an open and competitive tendering process for all project contracts exceeding \$25,000.

4. APPROVAL PROCESS

The BCF-CC will be administered jointly by Canada and Ontario through a BCF-CC Oversight Committee, supported by a Joint Secretariat staffed by provincial and federal government representatives.

The Oversight Committee forwards recommendations for funding to the senior governments for approval.

All applicants will be informed of a decision once the review, assessment and approval process is complete.

ENVIRONMENTAL ASSESSMENT

Projects funded by the federal and provincial governments are subject to the *Canadian Environmental Assessment Act* and *The Environmental Assessment Act (Ontario)*. In the event that an environmental assessment is required, applicants will be contacted by a program representative.

PROJECT FUNDING

A BCF-CC Contribution Agreement is executed for each approved project, outlining funding terms and conditions. Costs cannot be incurred before approval of the project.

Expenditures must be actual cash outlays to third parties that can be documented through paid invoices or receipts. Recipients must incur the costs before submitting claims for reimbursement. Evidence of payment (e.g. cleared cheques and/or bank statements) and supporting documentation must also be maintained for audit purposes.

Special consideration can be provided for applicants with exceptional circumstances. The applicant must submit the request in writing to BCF-CC. Please contact the BCF-CC Joint Secretariat for more information.

Project cost estimates may include a contingency of up to a maximum of 10%; however, only actual eligible costs will be reimbursed.

5. HOW TO APPLY

Applicants should go to www.bcfontario.ca to obtain access to the on-line application and the required supplementary schedules.

To apply on-line, users will need the login identification and password sent to the municipality. If you have not been provided with a login identification and password or cannot access the Internet, please contact the BCF-CC Joint Secretariat at 1-866-306-7827.

Project proposals will be accepted starting September 12, 2008.

A complete application, including all necessary supporting documents, must be received by the BCF-CC Joint Secretariat on or before 5:00 p.m. EST on Friday, November 21, 2008.

6. CHECKLIST FOR A COMPLETE APPLICATION:

- Completed application form
- Business case
- Supplementary Project Financing Questionnaire
- Category-specific schedules
- Council resolution
- Board endorsement or resolution (if applicable)

Wherever possible, applications must be filed on-line with Canada and Ontario, by completing the application form found at www.bcfontario.ca or by downloading the application and emailing it to the Joint Secretariat at BCF.CC@ontario.ca; or if any electronic alternative is not available or not appropriate, by submitting a hard copy to the Joint Secretariat at the following mailing address:

BCF-CC Joint Secretariat, 1 Stone Road, 4NW, Guelph, Ontario N1G 4Y2.

If documents are not submitted electronically, please send two unbound copies by mail.

Please ensure to quote your project number on all documents sent by mail.

7. CONTACT INFORMATION

If you need help with your BCF-CC application, please contact the BCF-CC Ontario Joint Secretariat at 1-866-306-7827.