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INFRASTRUCTURE STIMULUS FUND CONTRIBUTION AGREEMENT

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated October 1, 2009, from the Chief Administrative Officer.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council with key highlights of the Infrastructure Stimulus Fund Contribution Agreement between the Regional Municipality of York, the Federal Ministry of Energy and Infrastructure, and the Provincial Ministry of Agriculture, Food and Rural Affairs.

3. BACKGROUND

Infrastructure Canada announces details of Infrastructure Stimulus Fund

On April 15, 2009, details of the federal Infrastructure Stimulus Fund were provided to municipalities. The program required submission of applications for funding to be filed no later than May 1, 2009. Staff identified candidate projects and these projects were reviewed to ensure criteria set out in the guidelines were met. Applications for all eligible projects were submitted by May 1, 2009.

Infrastructure Canada approves funding for 17 York Region infrastructure projects

On June 12, 2009, Infrastructure Canada announced approval to partially fund 17 separate York Region infrastructure projects. Total costs of these projects are estimated at \$79.035 million of which the Region will receive \$26.345 million or one-third funding from each of the federal and provincial governments. The Region will be responsible to fund the remaining \$26.345 million or one-third of total project costs.

A June 25, 2009 report to Regional Council authorized the Regional Chair and Clerk to enter into any contribution agreements required under the Infrastructure Stimulus Fund program.

4. ANALYSIS AND OPTIONS

Contribution agreement with the Provincial and Federal governments has been received and executed by the Region

On September 4, 2009 the Region received the Infrastructure Stimulus Fund Contribution Agreement from the Federal Ministry of Energy and Infrastructure, and the Provincial Ministry of Agriculture, Food and Rural Affairs. This agreement outlines reporting requirements to the Province, details eligible and ineligible costs, and outlines requirements necessary for York Region to remain eligible to receive approved funding. The deadline for execution was within thirty (30) days of receipt of the agreement.

The Federal/Provincial Contribution Agreement is being administered by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)

As authorized by a June 25, 2009 report to Council, the agreement was signed and returned to the Province along with requested Expenditure and Job Creation Reports that outline forecast expenditures as well as an estimate of the equivalent number of temporary jobs each project will create in the upcoming fiscal quarter.

Contribution agreement outlines reporting requirements York Region must follow for each project

Reporting requirements to be regularly submitted to the Province include:

- monthly Project Status Reports that detail such information as estimated percentage of project completion, tender call dates, tender award dates, forecast and actual construction start and end dates
- quarterly Expenditure and Job Creation Reports that outline actual and forecast expenditures as well as an estimate of the equivalent number of temporary jobs that each project has created and may create for the economy
- regular expenditure Claims and Progress Statement that detail the eligible expenditures for each project that York Region will claim for reimbursement
- a Final Report, submitted within 90 days completion of each project, that summarize the project costs into various categories
- a Solemn Declaration of Substantial Completion, submitted within 90 days completion of each project, that confirms a project is indeed substantially complete as per the details of approved application submission

Ineligible project costs are also outlined in the contribution agreement

Project costs that are ineligible for reimbursement include:

- costs incurred prior to June 5, 2009
- costs incurred after March 31, 2011
- land acquisition, real estate fees and related costs
- financing charges and loan interest payments
- direct or indirect (overhead) costs for services delivered by permanent employees of the municipality

Final determination of eligible costs is at the sole and absolute discretion of the Province.

Contribution agreement details many key requirements that York Region must follow to remain eligible to receive two-thirds reimbursement

Competitive Process – York Region must acquire and manage goods and services through a transparent and competitive process and follow its procurement practices as required by the *Municipal Act, 2001*, S.O. c. 25. Any deviations from York Region's approved purchasing by-law may be waived by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Commencement of Projects – Construction shall begin with sixty (60) days of either the project start date submitted in the original application or the project start date subsequently communicated to and agreed upon by the Province. Failing this, the agreement may be terminated.

Project Records – Information requested by OMAFRA could include project invoices, proof of insurance and bonding, copies of media releases and communications, as well as estimates of associated staff time. Separate records for each project must be retained by York Region for a minimum of six (6) years after submission of final claim.

Financial Assistance – The two-thirds financial reimbursement for each project shall not be greater than the maximum outlined by Infrastructure Canada at its June 12, 2009 announcement. Financial assistance cannot be transferred between projects. York Region is obligated to notify OMAFRA should any project require less than the total eligible costs, or where additional funding is secured from other government sources.

Communications Requirements – York Region is obligated to work with Infrastructure Stimulus Fund officials and partners to undertake communication activities ensuring equal recognition of all funding parties. Project-related milestone events such as groundbreaking and ribbon-cutting ceremonies will be organized in cooperation with the

Governments of Canada and Ontario. Unless agreed in advance, no event should take place without at least fifteen (15) working days notice to all parties.

External Auditor: If required by OMAFRA, an acceptable external auditor shall be retained at the sole expense of York Region. These costs are ineligible for reimbursement.

Termination Without Cause - The Province reserves the right to terminate the contribution agreement without cause with a minimum of thirty (30) days written notice to York Region. The Province will only be responsible for financial assistance of eligible expenditures up to the time of termination.

York Region's 17 approved projects are now underway

Staff has commenced work on all seventeen (17) of York Region's approved Infrastructure Stimulus Fund projects. By the end of September 2009, these projects were at various phases including:

- 9 projects under construction
- 1 project tendered/awarded
- 3 projects at detailed design phase
- 4 projects at other stages of consultation and preparation

York Region continues to administer all projects to meet requirements outlined in the contribution agreement. By the end September 2009, an estimated \$4.3 million or about 5% of the Infrastructure Stimulus Fund project costs have been spent. To date, an estimated 45 equivalent jobs have been created in the York Region economy as a result of these infrastructure investments.

Staff will provide Regional Council with regular updates as to the status of these seventeen (17) infrastructure projects.

5. FINANCIAL IMPLICATIONS

This report has no additional financial implications.

The total amount approved in the amended 2009 Capital Budget for all seventeen (17) Infrastructure Stimulus Fund projects is \$79.035 million. Funding through the Infrastructure Stimulus Fund program will reduce the overall Regional funding requirement for these projects by two-thirds, or an estimated \$52.7 million.

The Region's one-third funding portion, or \$26.345 million, was approved as part of an amendment to the 2009 Capital Budget in a June 25, 2009 report to Council.

6. LOCAL MUNICIPAL IMPACT

Construction activities for York Region's Infrastructure Stimulus Fund projects can be found throughout the local municipalities, benefiting the needs of all residents throughout the Region.

7. CONCLUSION

York Region has been successful at securing \$52.7 million funding approval through the Infrastructure Stimulus Fund program. York Region has signed the Infrastructure Stimulus Fund Contribution Agreement and submitted to the Province. This report has identified for Regional Council key requirements of the contribution agreement that the Region must follow to remain eligible for approved funding.

Staff continue to proceed with administration and construction of the seventeen (17) Infrastructure Stimulus Fund projects in a manner that will continue to meet requirements outlined in the contribution agreement. Staff will provide regular updates to Regional Council outlining the status of these projects.

For more information on this report, please contact Glenn Lang, Manager Corporate Continuous Improvement at Ext. 1222.

The Senior Management Group has reviewed this report.