

REPORT TO: Mayor James M. Diodati
and Members of Municipal Council

SUBMITTED BY: Municipal Works

SUBJECT: MW-2020-14
Funding Commitments for the Drummond Road, Portage Road and
Gallinger Street Projects
In Camera

RECOMMENDATIONS

1. That Staff be authorized to enter into a Transfer Payment Agreement (TPA) with both the federal and provincial governments.
2. That Council preauthorize the expenditure of \$4,207,900.00, to be allocated from the 2021 Capital Budget, in order to expedite construction works for Phase I.
3. That Council confirm their commitment to fund future phases of the Drummond Road, Portage Road and Gallinger Street project.
4. That Council rise and report at the next regular Council meeting, subsequent to the Federal announcements.

EXECUTIVE SUMMARY

City of Niagara Falls (City) staff submitted an application for the Investing in Canada Infrastructure Program: Rural and Northern Communities Stream (ICIP Program) for the reconstruction of Drummond Road from Thorold Stone Road to and including the intersection of Morrison Street, Portage Road from and including the intersection with Elizabeth Street to Althea Street and Gallinger Street.

Staff were recently notified that the project has been conditionally and **confidentially** approved for funding and may receive a maximum funding allocation of up to \$4,166,499.33. Total project costs over several years are estimated at \$9,977,700.00, resulting in a final anticipated capital investment of \$5,686,800.67 by the City.

To secure the ICIP funding, the City of Niagara Falls must enter into a Transfer Payment Agreement (TPA) with both the federal and provincial governments. The TPA will require the City confirm its commitment to fund all ineligible costs, to fund upfront costs for eligible costs as they are incurred, and to fund all project overruns as well as all life cycle operations and maintenance costs. Therefore, staff recommend that Council provide

authorization to enter into the TPA, that Council preauthorize \$4,207,900.00 from the 2021 Capital Budget to expedite construction works, and that Council confirm their commitment to fund future phases of the project.

BACKGROUND

In March 2019, the federal government, along with their funding partner the Province of Ontario, announced the Investing in Canada Infrastructure Program: Rural and Northern Communities Stream (ICIP Program). City of Niagara Falls (City) staff completed an application for the reconstruction of Drummond Road from Thorold Stone Road to and including the intersection of Morrison Street, Portage Road from and including the intersection with Elizabeth Street to Althea Street and Gallinger Street. A location plan has been included as Attachment 1.

The project area has been broken up into three (3) distinct project phases and are proposed to be constructed separately and in accordance with the timeframe allotted by the ICIP Program guidelines. Phase I includes Drummond Road from Thorold Stone Road to Cherrywood Road. Phase II includes Drummond Road from and including the intersection with Cherrywood Road to and including the intersection of Morrison Street. Phase III includes Portage Road from and including the intersection with Elizabeth Street to Althea Street and Gallinger Street. Proposed project phasing has been illustrated in Attachment 1.

Project scope for each phase will include underground replacement work where required, including the replacement of aging watermain, repair of deficient sanitary or storm sewers, and separation of combined sewers (including installation of a new storm system where needed), as well as street light upgrades, full road reconstruction, and improvements to active transportation route linkages such as bike lanes, sidewalks and trails.

On May 20, 2020, City staff were notified that the project had been conditionally approved for funding. Early communications have requested that this conditional funding approval be kept strictly **confidential** until such time as government representatives contact the City to release a joint communication regarding final funding approval and commitments.

ANALYSIS/RATIONALE

Through the ICIP Program successful projects will receive a maximum funding allocation of up to 50% from the federal government and 33.33% from the Ontario provincial government based on a maximum \$5,000,000 in eligible costs. The funding allocation is presented in Table 1.

Table 1: ICIP Program Funding Allocation

Contributing Partner	Percent	Maximum Funding
Federal Government	50%	\$2,499,999.60
Provincial Government	33.33%	\$1,666,499.73
Total Funding	83.33%	\$4,166,499.33

As a condition of funding, the City will be required to commit to the full cost of the project phases. Ineligible costs include sewer and watermain replacement work, land acquisition and previously committed fees. Eligible costs include road reconstruction design and construction work and any associated necessary utility relocation work which has not yet been undertaken.

The anticipated annual funding commitments are presented in Table 2. Table 2 also includes an estimate for additional funding through the Niagara Region's Wet Weather Management (WWM) Program as well as the isolation of funds which have been previously committed to the project.

Table 2: Summary of Estimated Project Costs by Funding by Year

Estimated Costs	City Commitment	ICIP/WWM Funding	Total Costs
Previously Approved	\$280,040.00	\$14,960.00	\$295,000.00
Preauthorized 2021 Capital Budget	\$1,970,985.00	\$2,236,915.00	\$4,207,900.00
2021 Capital Budget	\$395,036.00	\$498,564.00	\$893,600.00
2023 Capital Budget	\$662,290.00	\$869,910.00	\$1,532,200.00
2025 Capital Budget	\$2,378,449.67	\$670,550.33	\$3,049,000.00
Total Costs	\$5,686,800.67	\$4,290,899.33	\$9,977,700.00

Note: Costs are estimates only and are subject to revision. Previous costs were approved in the 2017 Capital Budget. 2023 Regional WWM funding has been estimated but has not been applied for or approved.

Capital budget sheets for each project phase have been included as Attachment 2. Costs presented in this report are estimates only. Revised capital budget sheets will be provided to Council in subsequent capital budget years for further approval.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS

To secure the ICIP funding, the City of Niagara Falls must enter into a Transfer Payment Agreement (TPA) with both the federal and provincial governments. The key terms and conditions of the TPA have been outlined in a letter from the Ministry of Infrastructure and the Ministry of Agriculture, Food and Rural Affairs (the Letter) which is included as Attachment 3.

As noted in the letter, upon entering into the TPA the City will be required to commit to the financial affirmations noted below:

- Confirm commitment to fund ineligible costs for all project phases.
- Confirm commitment to fund eligible costs as they are incurred and prior to reimbursement under the ICIP Program.
- Confirm commitment to fund all overruns of eligible costs.
- Confirm commitment to fund all life cycle operations and maintenance costs.

City staff recommend that Council provide authorization to enter into the TPA with both the federal and provincial governments.

Furthermore, City staff recommend that Council preauthorize the expenditure of \$4,207,900.00, to be allocated from the 2021 Capital Budget, in order to expedite construction works for Phase I, and that Council confirm their commitment to fund future phases of the project.

It is anticipated that the Phase I construction tender will occur in late 2020, with a possible construction start date in Spring 2021. Construction dates are subject to change dependent on the receipt of all necessary permits and approvals and the completion of preconstruction utility relocations.

CITY'S STRATEGIC COMMITMENT

Implementation of this project meets the intent of Council's Strategic Priorities by providing strong and resilient infrastructure in a healthy and safe livable community through engaging and accountable government practices.

ATTACHMENTS:

1. Location Plan – Drummond Road, Portage Road and Gallinger Street Projects
2. Capital Budget Sheets

3. Letter from the Ministry of Infrastructure and the Ministry of Agriculture, Food and Rural Affairs

Recommended by:

Erik Nickel, Director of Municipal Works

Respectfully submitted:

Ken Todd, Chief Administrative Officer