SUBJECT: Request to Transfer Millennium Partnerships Funding to the Central Composting Facility - (PW07010) - (City Wide)

RECOMMENDATION:

That the Ministry of Public Infrastructure Renewal be requested to transfer $2.126 million of Millennium Partnerships funding from the SWARU Decommissioning project (File 7109) and the Community Recycling Centres construction (File 7107) to the Central Composting Facility (File 7104).

Scott Stewart, C.E.T.
General Manager
Public Works Department

EXECUTIVE SUMMARY:

In 2004 the City’s Waste Management Division applied for and received $14 million in provincial funding under the Ministry of Public Infrastructure Renewal’s (PIR) Millennium Partnerships funding program. Under this program the Province and City entered into a 50/50 cost share for a number of Waste Management projects. The projects included the construction of three (3) Community Recycling Centres (CRCs), decommissioning of the Solid Waste Reduction Unit (SWARU), and the remediation of closed landfills.

As part of the submission process the Waste Management Division submitted an estimated budget for each of the projects. The CRC and SWARU projects were completed under budget and staff is recommending that the Ministry of PIR be requested to transfer the $2.126 million in Millennium Partnerships funding to the construction of the Central Composting Facility (CCF).

The CCF project has been approved for up to $5.3 million in Millennium Partnerships funding under a separate transfer made in 2004. By transferring the additional
requested $2.126 million the total amount of funding for the CCF would be $7.426 million and offset the total cost of construction estimated at $29.5 million. The requested transfer of funds would reduce the City’s total contribution for the CCF from $24.2 million to $22.074 million.

**BACKGROUND:**

The information provided in this report has City wide implications. In 2004 the Waste Management Division submitted applications to receive funding under the Province of Ontario’s Millennium Partnerships funding program. The PIR’s Millennium Partnerships funding program is a program where the Province partially funds projects based on pre-established criteria, namely the environmental protection of infrastructure. PIR and a successful municipality would enter into a cost share for the funding of eligible projects that would not exceed a 50/50 split.

Under the original application City Council approved the request to apply for funding for six Waste Management projects. Three of the original six project submissions were removed as there were not sufficient funds available from the Province to complete all six projects. The City’s final funding application was for the construction of three CRC’s, the decommissioning of SWARU and the remediation of closed landfills. In September 2004 PIR approved the City’s request to transfer $5.3 million in approved Millennium Partnerships funding from the Materials Recycling Facility (MRF) project to the construction of the CCF as City staff determined that construction of the CCF would be completed prior to renovations at the MRF and therefore would be more likely to meet Provincially imposed construction deadlines.

All of the projects commenced in 2004 and are either complete or nearing completion. The first of the CRC’s to be built is located adjacent to the Mountain Transfer Station. Actual construction of the Mountain CRC began in January 2005 and was opened to the public in October 2005. Construction of the Dundas CRC began in August 2005 and was opened to the public in April 2006. The last CRC to be constructed is located adjacent to the Kenora Transfer Station. Construction of the Kenora CRC (KCRC) began in August 2006 and is scheduled to be completed and open to the public in April 2007.

Decommissioning of SWARU, located at 470 Kenora Avenue North, began in 2004. The decommissioning plan included conducting a Site Specific Risk Assessment (SSRA), soil remediation if required, the removal of all internal equipment and demolition of external buildings. Following the application submission, a SSRA was undertaken on the SWARU site. The SSRA determined that on-site buried fill material would not have to be removed which resulted in the estimated actual budget being significantly less than the original application budget. After the site had been completely decommissioned it was prepared to be redeveloped as a Brownfield site and is the future location of the KCRC.

Table 1 provides a funding breakdown for CRC construction and SWARU Decommissioning. An application budget of $11.02 million was originally submitted by the City for the CRC’s. The revised budget reflects a change in the design of the CRC’s resulting in an estimated actual budget of $9.48 million. The estimated actual SWARU Decommissioning budget was revised to $1.87 million of which $1.76 million is to be funded through Millennium Partnerships funding.
TABLE 1

<table>
<thead>
<tr>
<th>Project</th>
<th>Application Budget</th>
<th>Estimated Actual Budget</th>
<th>Approved Millennium Budget</th>
<th>Millennium Funding Required</th>
<th>Millennium Funding Requesting to Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWARU Decommissioning (File #7109)</td>
<td>$9.54 million</td>
<td>$1.87 million</td>
<td>$1.76 million</td>
<td>$404k</td>
<td>$1.356 million</td>
</tr>
<tr>
<td>Community Recycling Centres (File #7107)</td>
<td>$11.02 million</td>
<td>$9.48 million</td>
<td>$5.51 million</td>
<td>$4.74 million</td>
<td>$770k</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20.56 million</strong></td>
<td><strong>$11.35 million</strong></td>
<td><strong>$7.27 million</strong></td>
<td><strong>$5.144 million</strong></td>
<td><strong>$2.126 million</strong></td>
</tr>
</tbody>
</table>

Note: In 2004 $5.3 million in approved Millennium Partnerships funding was transferred from the Materials Recycling Facility (MRF) project to the construction of the CCF.

**ANALYSIS/RATIONALE:**

PIR granted the City a total of $7.27 million ($1.76 million for SWARU Decommissioning and $5.51 million for CRC’s) in funding based on the application budgets for these two projects of $20.56 million. Both of these projects combined came in under budget by $4.37 million. Since these projects are based on a 50/50 cost share between the City and PIR the total estimated actual budget cost savings in Millennium Partnerships funding is $2.126 million.

Given that both of the projects are complete, with the Kenora CRC nearing completion, it is expected that the $2.126 million will not be required to finish the projects it was originally intended to fund. In order to receive all of the committed funding from the Province, City staff recommends that the $2.126 million be transferred to the CCF in order to offset the cost of CCF construction. Transferring $2.126 million represents 7.2% of the CCF’s total construction cost of $29.5 million. The total Millennium Partnerships funding contribution of $7.426 million ($5.3 million plus $2.126 million) would represent 25.2% of the CCF’s total construction cost.

**ALTERNATIVES FOR CONSIDERATION:**

Council approved the construction of the CCF in the Capital budget prior to receiving any funding. By transferring $2.126 million it would assist in reducing the overall Capital budget impact.

The alternative to not transferring funding from SWARU Decommissioning and CRC construction to the construction of the CCF would be to forego the Millennium funding and for the City to fund a total of $24.2 million ($29.5 million less $5.3 that was transferred in 2004 from the MRF project) out of the Capital budget as opposed to $22.074 million if the funding is transferred from the two projects transferred for CCF construction.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial Implications - by transferring $2.126 million to the CCF the City would realize a savings to the overall Capital budget.

Staffing Implications - N/A

Legal Implications - although the City entered a contract with PIR for funding there are no legal implications to transferring the money from PIR approved project(s) to another if the request is approved by PIR. The City must submit a request to the PIR to transfer funding.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

Public Infrastructure Renewal - Ministry staff indicate they would support the transfer of funding between the projects and have asked that Council formally approve the request for the transfer of funds as a condition of approval.

Budgets and Finance, Corporation Services Department

Capital Planning and Implementation, Public Works

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- Community Well-Being is enhanced. ☑ Yes ☐ No
- Environmental Well-Being is enhanced. ☑ Yes ☐ No
- Economic Well-Being is enhanced. ☑ Yes ☐ No

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No