SUBJECT: Provincial Grants Update (FCS08021) (City Wide)

RECOMMENDATION:

a) That the Provincial Grants Update Report and the attached Appendix “A” to report FCS08021 summarizing the Status of the Provincial Grants be received as information;

b) That a Rapid Transit Capital Reserve (Dept ID 108047), be established to fund projects recommended by the MoveOntario 2020 program for rapid transit and to fund Quick Win projects recommended by Metrolinx and be financed by contributions from these programs;

c) That a Lister Block Reserve (Dept ID 110051), be established for the Provincial conditional grant of $7 million related to the purchase or lease of the Lister Block; and

d) That a Capital project (Project ID 4400856891), for the East Hamilton Recreational Trail Hub and Waterfront Link in the amount of $14 million be approved and be funded from a one-time grant of $14 million from the Municipal Infrastructure Investment Initiative Fund.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services
EXECUTIVE SUMMARY:

The City has recently been informed of a number of grant commitments from the Province and/or Metrolinx to support a variety of municipal investments. Report FCS08021 “Provincial Grants Update” provides details of the various grant commitments for the City noting any conditions attached to the funds and the transfer status of the funds. For a number of the grants, there is the requirement to deposit funds into dedicated interest-bearing accounts until the funds are utilized. Report FCS08021 “Provincial Grants Update” seeks the authority to allow the necessary reserve and project account entries as required for each specific grant’s conditions.

BACKGROUND:

A number of grant commitments have been provided to the City supporting several municipal investments with a summary of the grants provided in Appendix “A” to report FCS08021. Details of the various grants received committed to the City are as follows:

2008/09 Provincial Budget Grant Commitments

Municipal Roads and Bridges

The Province committed $400 million of one-time funding to be allocated for municipal roads and bridges outside of Toronto. Funds will be distributed based on a municipality’s share of Ontario’s road network relative to its’ population. Hamilton will receive $8,806,309 by June 30, 2008, subject to the following sole condition:

- A Council approved resolution by April 30, 2008, confirming that the $8,806,309 will be spent on capital projects for roads and bridges.

Capital Planning and Implementation will be bringing forward a staff report that seeks approval of a resolution for above and will provide details of projects that the funding may be directed towards.

At a later date, the Province will also provide details on reporting requirements and other accountability related requirements. These requirements will include, as a minimum, a description of the types of eligible expenditures for which the funding is intended and a requirement for a final report on how the funds were used. In addition, the Province reserves audit rights to ensure that the funds were used for the purposes intended and to recover funds if it is determined that they were not used or will not be used for the intended purposes.
Affordable Housing

The Province has committed $100 million to rehabilitate existing social housing units, including energy improvements. The funds will be available to all 47 service managers in Ontario, based on their share of the social housing stock, with Hamilton’s share equating to $5,682,882. This funding is a one-time commitment and is to be transferred to the City by June 30, 2008, at which time Ministry staff will also provide details on reporting requirements and other accountability-related requirements.

Transit

The City has received funding of $29.8 million to be used for municipal capital expenditures for transit vehicles and infrastructure to support rapid transit projects recommended by Metrolinx:

- B-line improvements, King-Main Corridor $17.4 million
- A-line improvements, James-Upper James Corridor $12.4 million

The approved funds have been transferred to the City on April 2, 2008, with the Province requiring a by-law be passed and enacted no later than April 30, 2008, (refer to PW08045 - By-laws Respecting Provincial Funding for Rapid Transit, Bike Racks and Bike Parking) that should reference:

- That the $29,800,000 allocated to the City by the Province will be used for the specified transit projects;
- That a final summary report detailing expenditures, use of Provincial funding and outcomes achieved shall be submitted to the Ministry of Transportation and that the Ministry may request an independent audit of the project; and
- That any funds intended for the project that are not used in accordance with the terms outlined above will be returned to the Ministry.

An additional $3 million was committed by the Province for the James Street North GO/VIA Station Gateway to Niagara. These funds will be provided to Metrolinx as it will be GO Transit who will actually construct the platform and other related passenger facilities for the new James Street North GO Transit Station.

Strategic Investments Grant

A one-time grant of $12 million has been provided to the City to make strategic investments. The funding was transferred to the City on April, 2, 2008.
Proposed Investing in Ontario Act, 2008

The Province has introduced the proposed Investing in Ontario Act that would permit the use of a portion of unanticipated year-end surpluses to address public priority needs such as municipal infrastructure deficits.

The Provincial 2008/09 Budget includes a forecast 2007/08 surplus of $600 million, which is below the minimum requirement of $800 million required for surplus sharing with municipalities under the proposed Investing in Ontario Act, 2008. If the surplus were to reach $800 million by the time the public accounts are closed, during the summer of 2008, municipalities in Ontario would share $200 million based on population, translating to in excess of $8 million in one-time funding for Hamilton.

If enacted, the government will use the regulation-making authority in the proposed Act to provide a portion of the 2007–08 surplus to municipalities throughout Ontario, on a per-capita basis, to help address priority capital needs in areas such as roads and bridges, transit and social housing. The actual surplus will be disclosed once the province publishes its public accounts which is expected in late August.

Additional Recent Provincial Grant Commitments

Municipal Infrastructure Investment Initiative (MIII)

The City of Hamilton has received a one-time grant of $14 million to be used for the East Hamilton Recreational Trail Hub and Waterfront Link. The approved funds have been transferred to the City on March 31, 2008.

The following reporting and accountability provisions apply to this grant and these are the same provisions that were included in the terms and conditions of the application for MIII funding:

- Funds may only be used for the purposes described in the City’s MIII application.
- The City must submit a report to the Ontario Infrastructure Projects Corporation ("Infrastructure Ontario") describing how the funds were used and how the benefits of the project described in the MIII application have been achieved.
- The report must be submitted no later than March 31st of each year, commencing on March 31, 2009, and terminating March 31st of the year following the completion of the project.
- The report must be signed and certified by the Treasurer and Mayor.
- The Province reserves the right to verify or audit, at the expense of the grant recipient, any information submitted for completeness and accuracy, and to ensure that the funds were used for the purposes intended.
- The Province reserves the right to recover up to the amount of funds provided, if it is determined that the funds provided were not used, or will not be used, for the intended purposes.
Lister Block Rehabilitation

A conditional grant of $7 million has been provided to the City on April 2, 2008, with the following conditions:

General Conditions:

- Enter into a Lease or an Agreement of Purchase and Sale before June 30, 2008;
- City to occupy by March 31, 2012, and continue to substantially occupy until March 31, 2028.

Purchase Conditions:

- For the period to March 31, 2028, City agrees not to sell Lister;
- Agreement of Purchase and Sale cannot subsequently be amended without prior written consent of the Province;
- Commencing March 31, 2009, City to provide Province annual reports stating the Agreement of Purchase and Sale is still in good standing and outline the progress with the renovation of the Lister Block.

Lister Block Peer Assessments

The City of Hamilton has received one-time funding of $50,000 to engage consultants to undertake peer assessments of the cost and other factors required to allow the City to consider the purchase or lease of a rehabilitated Lister Block with the following conditions:

- Undertaking a peer review of project costs (up to $25,000); and,
- Providing a heritage consultant to ensure that the standards and scope of work for the rehabilitation of the Lister Block which were proposed by the Lister Working Group are met (up to $25,000)

As required by the Funding Agreement, the City has provided copies of the Peer Review Reports (Financial and Heritage) to the Province that was presented to Committee of the Whole in February 2008. The City is required to provide periodic updates of the Heritage Consultant’s review of the rehabilitation project should the City proceed to enter into a Lease or an Agreement of Purchase and Sale for a rehabilitated Lister Block.

Transit Capital Grant

On February 29, 2008, the Province committed $7,522,653 as one-time funding to the City to improve and expand public transit. The Province noted its’ expectations are that the funding that has been received, will help to improve accessibility for people with
disabilities, manage congestion, support the environment and improve the movement of both people and goods.

The Province required an authorizing by-law be passed by Council by March 21, 2008. Council approved and enacted By-law 08-048 on March 5, 2008.

**Metrolinx BikeLinx Program**

On March 31, 2008, the City received $190,987 that Metrolinx approved through the Metrolinx BikeLinx Program as one-time funding to enhance the links between active transportation and public transit. Specifically, the funds are to be used to purchase and install bicycle racks on buses ($24,000), as well as, for secure and safe bicycle parking ($166,987). Metrolinx requests that a municipal by-law be enacted by April 30, 2008, to reaffirm the funding will be used for the intended purposes (refer to PW08045 - By-laws Respecting Provincial Funding for Rapid Transit, Bike Racks and Bike Parking). After the funds have been expended, Metrolinx requests that a final report be provided on how the funds were used, including the number of racks and storage spaces installed.

**ANALYSIS/RATIONALE:**

Not applicable.

**ALTERNATIVES FOR CONSIDERATION:**

There are no alternative considerations.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial – The funding provided by the Province and Metrolinx will enhance the City’s ability to address several municipal areas of investment that have lacked financial resources.

Staffing – N/A.

Legal – As noted above, many of the various grants provided to the City have required municipal by-laws to be passed and enacted that reaffirm the funding will be used for the intended purposes of each funding grant.

**POLICIES AFFECTING PROPOSAL:**

1. That the creation of new reserves be reviewed by the General Manager of Finance & Corporate Services for compliance to the Municipal Act and for compliance to the City’s Reserve Policies.
2. That all expenditures from any reserve or reserve fund require Council approval either through a separate report or through the annual budget process.

**RELEVANT CONSULTATION:**

Public Works Department.

**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.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

- **Community Well-Being is enhanced.** ☑ Yes ☐ No
  The Community will benefit from the various grants’ investments in Open Space Development, Transit and Affordable Housing Improvements and other infrastructure improvements.

- **Environmental Well-Being is enhanced.** ☑ Yes ☐ No
  Favourable environmental outcomes will occur as a result of several of the grants’ investments.

- **Economic Well-Being is enhanced.** ☑ Yes ☐ No
  Investment in Hamilton is enhanced and supported.

- **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

Not Applicable.
# PROVINCIAL GRANTS UPDATE

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<th>Status of Funds</th>
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