



INFORMATION REPORT

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: February 15, 2012	
SUBJECT/REPORT NO: Stimulus Funding Update (FCS09052(I)) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager, Finance & Corporate Services Department	PREPARED BY: John Savoia (905) 546-2424 x7298 Adam Smith (905) 546-2424 x1434
SIGNATURE:	

Committee Direction:

Not applicable.

Information:

On June 5, 2009, the Federal and Ontario Governments approved approximately 14 projects within the City of Hamilton amounting to \$184 million of stimulus funding under Infrastructure Stimulus Fund (ISF). A 15th ISF project was announced for the City on September 25, 2009, to fund the twinning of the Morgan Firestone Arena at a cost of nearly \$10.3 million.

On July 2, 2009, the Federal and Ontario Governments approved approximately \$3.4 million each towards \$10.3 million of stimulus funding for 6 projects to improve community recreational infrastructure under the Recreational Infrastructure Canada Program in Ontario and Ontario Recreation Programs (RInC/REC) programs.

The eligibility guidelines for ISF and RInC/REC required that the proposed projects be substantially completed by March 31, 2011. On December 2, 2010, the Federal government announced the completion deadline shall be extended to October 31, 2011 and the Ontario government followed suit with this extension.

Deadline extension approvals to October 31, 2011 for stimulus projects were conditional upon Council approving a resolution committing to finish the projects and accepting responsibility for any costs incurred beyond the October 31, 2011 deadline date.

On October 31, 2011, the following stimulus funded projects had not met substantial completion nor had fully expended eligible costs equal to their stimulus funding budgets:

- Westmount Recreation Centre, ISF, Project # 2380
- Lower Stoney Creek Recreation Centre, ISF, Project # 2296

The City's exposure of loss of federal stimulus funding related to the Lower Stoney Creek and Westmount projects, as provided in a June 2011 Project Update to Council was estimated to be approximately \$7.8 million if the Ontario Government took the equivalent position of the Federal Government (refer to Report FCS09052(k)/PW10034(c)/CS10039(c)).

However, on November 18, 2011, the City was advised by the Ontario Government that the Province would reimburse the provincial one-third share for eligible costs incurred between November 1, 2011 and March 31, 2012 for the stimulus projects previously mentioned.

The notice of amendment from the Province notes that "... at this time, the October 31, 2011 deadline continues to apply to the federal share of costs."

The City had continued its dialogue with the Federal Government for some form of accommodation to deal with the financial exposure facing the City regarding those stimulus projects that did not meet the October 31st substantial completion deadline.

Both the Lower Stoney Creek and Westmount recreation centre projects are currently expected to be substantially completed beyond the Province's revised deadline of March 31, 2012; May 2012 for the former and August 2012 for the latter.

Consequently, the total exposure is forecast at \$5.7 million. As shown in Table 1 to this report, the Province's revised March 31, 2012 deadline lowers the City's total financial exposure by approximately \$2.1 million.

Given the forecast expenditures of nearly \$5.7 million beyond March 31, 2012, the City's loss of provincial committed funding will be nearly \$1.85 million.

The City's exposure of loss of federal stimulus committed funding remains at approximately \$3.85 million that in conjunction with the aforementioned Provincial exposure, results in a total current estimate of financial exposure amounting to \$5.7 million down from the \$7.8 million exposure amount identified prior to the Province's revised completion deadline.

TABLE 1

Stimulus Funding Summary - Lower Stoney Creek and Westmount Recreation Projects

Approved ISF Funding	Federal	Provincial	Municipal	Total
Lower Stoney Creek Rec Centre	\$ 4,333,333	\$ 4,333,333	\$ 4,333,334	\$ 13,000,000
Westmount Recreation Centre	7,000,000	7,000,000	7,000,000	21,000,000
Total	\$ 11,333,333	\$ 11,333,333	\$ 11,333,334	\$ 34,000,000
Original Cost Share Commitment	33.3%	33.3%	33.3%	100%
Costs Incurred by October 31, 2011				
Lower Stoney Creek Recreation Centre	\$ 2,737,184	\$ 2,737,184	\$ 2,737,184	\$ 8,211,551
Westmount Recreation Centre	3,855,379	3,855,379	3,855,379	11,566,138
Sub-total Reimbursement	\$ 6,592,563	\$ 6,592,563	\$ 6,592,563	\$ 19,777,689
Forecast Costs October 31, 2011 - March 31, 2012				
Lower Stoney Creek Recreation Centre	\$ -	\$ 1,007,325	\$ 2,017,675	\$ 3,025,000
Westmount Recreation Centre	-	999,000	2,001,000	3,000,000
Sub-total Reimbursement	\$ -	\$ 2,006,325	\$ 4,018,675	\$ 6,025,000
Forecast Costs Beyond March 31, 2012				
Lower Stoney Creek Recreation Centre	\$ -	\$ -	\$ 1,763,449	\$ 1,763,449
Westmount Recreation Centre	-	-	3,917,154	3,917,154
Sub-total Reimbursement	\$ -	\$ -	\$ 5,680,603	\$ 5,680,603
Forecast Project Reimbursement				
Lower Stoney Creek Recreation Centre	\$ 2,737,184	\$ 3,744,509	\$ 6,518,308	\$ 13,000,000
Westmount Recreation Centre	3,855,379	4,854,379	9,773,533	18,483,292
Total Reimbursement	\$ 6,592,563	\$ 8,598,888	\$ 16,291,841	\$ 31,483,292
Forecast Cost Share	20.9%	27.3%	51.7%	100.0%
Forecast Lost ISF Funding	\$ 3,862,849	\$ 1,874,599		\$ 5,737,448

Conclusion

Since discussions with both the Federal and Provincial Governments have concluded, the grant loss impact of \$5.7 million noted above will have to be funded from City sources. As the projects approach completion, staff will report back to Council with a recommendation for funding the shortfall.